

**MASTER
NEGATIVE
NO. 94-82248-13**

COPYRIGHT STATEMENT

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials including foreign works under certain conditions. In addition, the United States extends protection to foreign works by means of various international conventions, bilateral agreements, and proclamations.

Under certain conditions specified in the law, libraries and archives are authorized to furnish a photocopy or other reproduction. One of these specified conditions is that the photocopy or reproduction is not to be "used for any purpose other than private study, scholarship, or research." If a user makes a request for, or later uses, a photocopy or reproduction for purposes in excess of "fair use," that user may be liable for copyright infringement.

The Columbia University Libraries reserve the right to refuse to accept a copying order if, in its judgement, fulfillment of the order would involve violation of the copyright law.

Author:

U.S. Bureau of Foreign
and Domestic Commerce

Title:

Handbook of foreign
currencies

Place:

Washington, D.C.

Date:

1936

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

BUSINESS
D743.3
Un3

BC
U. S. Bureau of foreign and domestic commerce (Dept. of commerce)

... Handbook of foreign currencies. Prepared in Finance division. Washington, U. S. Govt. print. off., 1936.

iv, 232 p. incl. tables. 23¹cm. (Trade promotion series no. 164)

At head of title: U. S. Department of commerce. Daniel C. Roper, secretary. Bureau of foreign and domestic commerce. Alexander V. Dye, director ...

Prepared in the Finance division by Herbert M. Bratter and by his successor, Victor Vraz, under the supervision of Grosvenor M. Jones, chief of the division. cf. Foreword, p. iv.

(Continued on next card)

36-26697

(8)

Bus

BUSINESS
D743.3
Un3

U. S. Bureau of foreign and domestic commerce (Dept. of commerce) ... Handbook of foreign currencies ... 1936.
(Card 2)

"This handbook has been prepared in response to a widespread demand for an up-to-date revision of the Handbook of foreign currency and exchange (Trade promotion series no. 102) published by the bureau in 1930 and for the publication (in printed form) of the circulars on "metal and paper currencies" issued in mimeographed form in 1930 and 1931."—Foreword, p. iv.

I. Money. I. Bratter, Herbert Max, 1900- II. Vraz, Victor.
III. Title. H. du. — J. du.

36-26697

Library of Congress

HG219.U6 1936

Copy 2.

(8)

Bus 332.4

RESTRICTIONS ON USE:

TECHNICAL MICROFORM DATA

FILM SIZE: 35 mm

REDUCTION RATIO: 12x

IMAGE PLACEMENT: IA (A) IB IIB

DATE FILMED: 10-17-94

INITIALS: PB

TRACKING #: MSH 02963

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

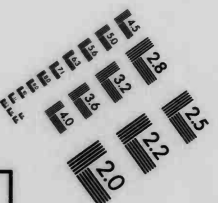


2.0 mm

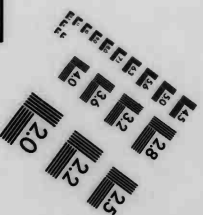
ABCEFGHIJKLMNOPQRSTUVWXYZ
abcde fghijklmnopqrstu vwxyz1234567890

1.5 mm

ABCEFGHIJKLMNOPQRSTUVWXYZ
abcde fghijklmnopqrstu vwxyz1234567890



PM-MGP 13"x18" METRIC GENERAL PURPOSE TARGET PHOTOGRAPHIC



200 mm

150 mm

100 mm

1.0 mm

1.5 mm

2.0 mm

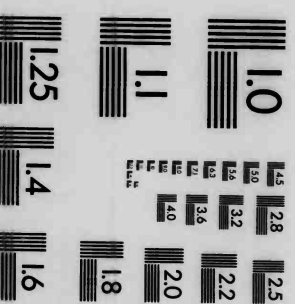
2.5 mm

ABCEFGHIJKLMNOPQRSTUVWXYZ
abcde fghijklmnopqrstu vwxyz1234567890

ABCEFGHIJKLMNOPQRSTUVWXYZ
abcde fghijklmnopqrstu vwxyz1234567890

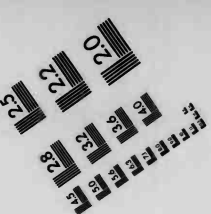
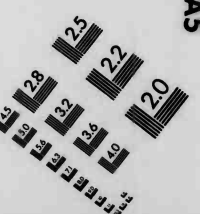
ABCEFGHIJKLMNOPQRSTUVWXYZ
abcde fghijklmnopqrstu vwxyz1234567890

ABCEFGHIJKLMNOPQRSTUVWXYZ
abcde fghijklmnopqrstu vwxyz1234567890



A5

A4



PRECISIONSM RESOLUTION TARGETS



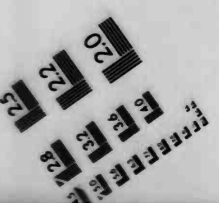
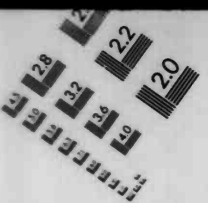
1303 Geneva Avenue
St. Paul, MN 55119

ABCEFGHIJKLMNOPQRSTUVWXYZ
abcde fghijklmnopqrstu vwxyz1234567890

4.5 mm

3.5 mm

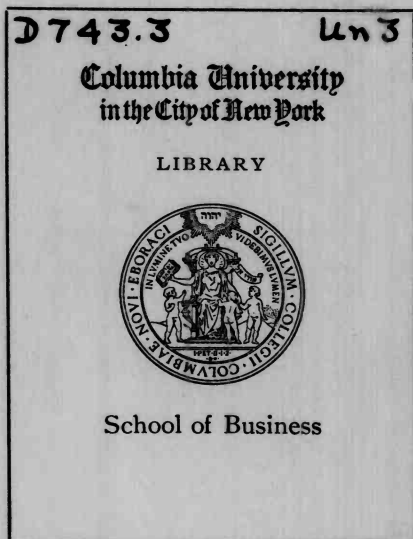
ABCEFGHIJKLMNOPQRSTUVWXYZ
abcde fghijklmnopqrstu vwxyz1234567890



Hand
cc
wg
School of Business Library
Columbia University

HANDBOOK OF FOREIGN CURRENCIES

**U. S. DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE**



U. S. DEPARTMENT OF COMMERCE
Daniel C. Roper, *Secretary*
BUREAU OF FOREIGN AND DOMESTIC COMMERCE
Alexander V. Dye, *Director*
+
Trade Promotion Series No. 164

HANDBOOK OF FOREIGN CURRENCIES

PREPARED IN FINANCE DIVISION



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1936

For sale by the Superintendent of Documents, Washington, D. C. Price 20 cents

Business

743.3

Un3

School of Business Library
Columbia University

ALBILICO

YTBXIVBU

YBAABLI

OCT 8 1948

	Page		Page
Foreword.....	iv	Latvia.....	121
Introduction.....	1	Lithuania.....	123
Argentina.....	3	Manchuria.....	126
Australia.....	7	Mexico.....	131
Austria.....	9	Netherland India.....	133
Belgium.....	14	Netherlands.....	136
Bolivia.....	18	Newfoundland.....	144
Brazil.....	21	New Zealand.....	145
British India.....	23	Nicaragua.....	149
British Malaya.....	29	Norway.....	151
Bulgaria.....	31	Palestine.....	153
Canada.....	34	Panama.....	154
Ceylon.....	41	Paraguay.....	156
Chile.....	42	Peru.....	159
China.....	44	Philippine Islands.....	164
Chosen. <i>See</i> Japan.....		Poland.....	171
Colombia.....	49	Portugal.....	173
Costa Rica.....	53	Rumania.....	177
Cuba.....	55	Salvador, El.....	180
Czechoslovakia.....	59	Siam.....	183
Danzig, Free City of.....	62	Spain.....	185
Denmark.....	65	Sweden.....	190
Dominican Republic.....	68	Switzerland.....	193
Ecuador.....	70	Syria.....	195
Egypt.....	74	Taiwan. <i>See</i> Japan.....	
El Salvador. <i>See</i> Salvador.....		Turkey.....	198
Estonia.....	76	Union of South Africa.....	200
Finland.....	79	Union of Soviet Socialist Re-	
France.....	82	publics (Russia).....	203
Free City of Danzig. <i>See</i> Dan-		United Kingdom.....	206
zig, Free City of.....		Uruguay.....	208
French Indochina.....	86	Venezuela.....	212
Germany.....	89	Yugoslavia.....	216
Greece.....	92	Appendixes:	
Guatemala.....	95	A. Foreign exchange rates	
Haiti.....	98	1930-35.....	219
Honduras.....	99	B. Average quotations in	
Hong Kong.....	101	Berlin for blocked	
Hungary.....	105	reichsmarks.....	228
Iran (Persia).....	108	C. Latin America—Aver-	
Iraq.....	110	age official and free-	
Irish Free State.....	112	market rates of ex-	
Italy.....	114	change.....	228
Japan (including Chosen and			
Taiwan).....	117		

FOREWORD

This handbook has been prepared in response to a widespread demand for an up-to-date revision of the Handbook of Foreign Currency and Exchange (Trade Promotion Series No. 102) published by the Bureau in 1930 and for the publication (in printed form) of the circulars on "metal and paper currencies" issued in mimeographed form in 1930 and 1931.

The more important topics contained in the above-mentioned publications are covered in this volume. Because of limitations of space and because currency systems have been in a state of flux since the autumn of 1931, it is deemed inexpedient to describe recent currency developments in as much detail as was done in the case of the Handbook published in 1930. The great majority of inquiries received by the Bureau relate to the present status of foreign currencies. Most of the inquirers desire the essential facts regarding the monetary units in present use in foreign countries, for purposes connected with the conduct of trade rather than for economic research. Any attempt to adequately review the developments that have occurred in the currency systems of the world in recent years would require volumes.

The inclusion in this handbook of details regarding the types of bank notes and subsidiary coinage in circulation in the several countries will be of special interest only to particular business groups. Nevertheless, it is felt that these data will have value also for those whose interest in currencies is more general.

Because of interest shown in the changes that have occurred in the monetary use of silver since the publication of Trade Promotion Series No. 149, *The Monetary Use of Silver* in 1933, the present publication includes the latest available information on that subject.

The data presented have been derived largely from the replies to a questionnaire sent to the Foreign Service officers of the State and Commerce Departments, whose splendid cooperation is gratefully acknowledged. The work of analyzing the data and of writing the text of this study was done in the Finance Division by Herbert M. Bratter and by his successor, Victor Vraz, under the supervision of Grosvenor M. Jones, Chief of the Division.

ALEXANDER V. DYE, *Director,*
Bureau of Foreign and Domestic Commerce.

APRIL 1936.

IV

HANDBOOK OF FOREIGN CURRENCIES

INTRODUCTION

The present is manifestly a difficult time for preparing a comprehensive study of foreign currencies. Although more than 4 years have elapsed since Great Britain suspended gold payments (Sept. 20, 1931) and more than 2 years since the United States revalued the dollar (Jan. 31, 1934), much uncertainty still prevails as to the adjustments that will ultimately be made in the currency systems of the world. Only five countries besides the United States are now on the gold standard in any sense approaching that in which this term has long been used. These are France, Belgium, the Netherlands, Switzerland, and, possibly, Poland. The Netherlands and Switzerland are the only countries now on a gold standard that have not reduced the gold content of their monetary unit. The French franc was devalued to the extent of about 79.7 percent on June 25, 1928, while the Belgian franc has twice been devalued—on October 25, 1926, by 85.6 percent; and on March 31, 1935, by 28 percent of the new par value. The Polish zloty is a post-war development.

To illustrate the difficulty encountered in classifying currencies, the case of Germany may be cited. Although the notes of the Reichsbank are not redeemable in gold and there is no free market for gold in Germany, the Government publishes an official rate of exchange based on the gold parity of the reichsmark. An important part of Germany's international transactions is, however, settled by the use of checks drawn against numerous classes of blocked deposits of reichsmarks, which are sold at varying discounts ranging from 25 to 75 percent.

Currencies might, for convenience, be divided into four principal groups, namely sterling, gold bloc, dollar, and the "all other" group which includes a large number of countries.

The most important is the sterling group. This includes all of the British Empire except Canada and Newfoundland; Iraq, Palestine, and other mandated territories; Sweden, Norway, Denmark, Estonia, Finland, Portugal, Portuguese East Africa, Portuguese West Africa, Egypt, Japan, and Siam. Some authorities would also include in the sterling group Argentina and Bolivia, since the official rates of exchange for their currencies are fixed in terms of sterling. By the same sign China and Hong Kong, formerly classified as silver-standard countries, might now be placed in the sterling group.

Since the silver nationalization decree of November 3, 1935, China has been on a so-called "managed currency" basis, with the foreign exchange value of the yuan held at or about 1s. 2½d. Because of its close economic ties with China, Hong Kong felt it necessary to adopt a similar course of action about a month later.

The so-called "gold bloc" was formed in the summer of 1933, following the World Economic Conference at London, when the countries that still adhered to the gold standard banded together for mutual aid in the retention of this standard. This decision took the form of a protocol drawn up in Paris on July 8, 1933, by the representatives of the central banks of the countries concerned. They were France, Belgium, Italy, the Netherlands, Poland, and Switzerland. Belgium and Italy have since left this group. The territories of France and the Netherlands might also be included in this category, as well as Spain, Turkey, and Uruguay, whose currencies are pegged to the French franc.

The dollar group consists of the United States (since January 31, 1934, on the gold standard in a restricted form), Cuba, Dominican Republic, Panama, Honduras, and British Honduras (where United States currency is the principal circulating medium or an important element in that circulation), also Nicaragua, Haiti, and the Philippine Islands whose currencies are based on the dollar; and Mexico, Guatemala, El Salvador, Costa Rica, Colombia, Venezuela (for imports), and Peru, the foreign exchange value of whose currencies is fixed with relation to the United States dollar. Although the Canadian currency system is operated quite independently of that of both Great Britain and the United States, the extent of Canada's trade and financial relationships with the United States is such as to lead many students to consider the United States dollar a more important factor than the British pound in determining the course of the Canadian dollar.

The "all other" group includes so many currencies that space does not permit a discussion of the status of each, particularly since, in most instances, it is difficult to define that status with the precision required for a categorical classification.

Despite the break-down in the international currency mechanism which followed the suspension of gold payments by the Bank of England in September 1931 and the fact that only a few countries have continued on a gold standard, the fluctuations during recent years in rates of exchange for one set of currencies in terms of other important currencies have not been wide. The phenomenon is all the more remarkable in view of the disturbing political and economic developments in Europe, in particular, during the past year or more. The explanation lies largely in the policy of Great Britain in keeping the pound relatively stable in terms of the French franc and the United States dollar through the operations of the exchange equalization account of the British Treasury which was set up in 1932. The extent to which the operations of the exchange stabilization fund of the United States Treasury (established in 1934) have contributed to this result is not generally known. Since by these and other means the relationships between the currencies of the countries that are leaders of their groups have been informally kept stable, the world has probably had the best substitute for the old international gold standard that is possible under existing circumstances.

Following the devaluation of its currency on March 31, 1935, Belgium established an exchange stabilization fund, the increase in the value of the gold reserve of the National Bank being set aside primarily for this purpose. Similarly, Canada, on July 5, 1935, passed the Exchange Fund Act, providing that all gold held as reserve by the Bank of Canada should be valued by the bank at the current world market price for gold and that the profit resulting from such valuation should be held in a special account in the name of the Minister of Finance, who should use the same "for the purpose of endeavoring to control the external value of the Canadian monetary unit or of checking undue fluctuations in its exchange value" or "in the purchase of securities of, or guaranteed by, the Dominion of Canada."

The action taken by Belgium and Canada, it will be observed, was quite similar to that followed by the United States after the dollar was revalued (Jan. 31, 1934).

Although on February 20, 1934, the gold content of the Czechoslovak crown was reduced by 16½ percent, the resulting increase in the value of the gold reserve of the National Bank was used to reduce the Government's debt on account of note issue.

A development of considerable importance, because of its bearing on currency, has been the establishment of central banks—in New Zealand (the Reserve Bank of New Zealand) which began operations in August 1934; Canada (the Bank of Canada), in March 1935; India (the Reserve Bank of India), in April 1935; and Argentina (Central Bank of the Argentine Republic), in June 1935. In this connection, mention might also be made of the fact that the Commonwealth Bank of Australia has been given additional central banking functions and that Uruguay has created an autonomous issue department in the Bank of the Republic.

Those who are interested in following current developments in the currency systems of foreign countries will find fairly complete information on the subject in the three series of financial notes (European, Latin American, and Far Eastern) which are issued twice a month by the Finance Division, and in special circulars issued from time to time. The subscription price for each series of financial notes (including special circulars) is \$1 a year.

ARGENTINA

The monetary unit is nominally the gold peso, which has a fine weight of 1.45162 grams, or the equivalent of \$1.6335 in United States currency. The unit in actual circulation is the paper peso, the value of which is 44 percent of the gold peso. The paper peso is referred to as "moneda nacional" (national currency) and values expressed therein carry as a prefix the dollar sign (\$), and are followed by the abbreviation m/n. The currency has been inconvertible into gold since 1929, and its value in foreign exchange has been permitted to depreciate; the rate of exchange for dollars now (Jan. 30, 1936) being about 27.7 cents.

Although Argentina has not explicitly devalued its currency, it is interesting to note that article 4, clause b, of law 12160 of March 28, 1935, provides that the transfer to the Central Bank of the gold holdings of the Conversion Office (abolished by this legislation) shall be

effected at a rate not exceeding 43,000 pesos national currency for the fine gold content of a typical bar of 400 ounces troy.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Paper currency in denominations exceeding 5 pesos national currency is now issued by the new Central Bank of the Argentine Republic, established by law 12155 of March 28, 1935. The Central Bank has assumed responsibility for the corresponding notes previously issued by the Conversion Office and is required to replace them with a new issue of its own notes.

The future issue or coining of subsidiary currency in denominations of 5 pesos or less by the National Government may be effected only at the request and through the intermediary of the Central Bank. Existing notes in denominations of 5 pesos or less must be replaced with new notes within 2 years from the beginning of the operation of the Central Bank.

The minting of copper coins has been discontinued, since they are unpopular. No silver has been coined since 1884. No old issues of Argentine coins are in circulation, nor are any foreign coins, although they may be imported.

With reference to the coinage, article 36 of law 12155, of March 28, 1935, establishing the Central Bank of the Argentine Republic, provides as follows:

The future issue or coining of subsidiary currency in denominations of 5 pesos or less (including nickel and copper coins) by the National Government, shall be effected exclusively at the request of and through the intermediary of the Central Bank, in accordance with public requirements; but in no case may it exceed 20 pesos national currency per capita, according to the annual estimates of the National Statistics Department.

Paper Currency of Argentina

Denomination	Approximate dimensions	Value of notes in circulation (pesos) ¹
1,000 paper pesos.....	196 by 97 millimeters.....	150,796,000
500 paper pesos.....	189 by 93 millimeters.....	78,134,000
100 paper pesos.....	180 by 87 millimeters.....	352,596,000
50 paper pesos.....	172 by 83 millimeters.....	180,027,100
10 paper pesos.....	159 by 76 millimeters.....	219,862,720
5 paper pesos.....	145 by 73 millimeters.....	86,256,505
1 paper peso.....	130 by 65 millimeters.....	63,601,877
Total.....		1,131,244,202

¹ Dec. 31, 1934, the last date for which statistics are available.

Coins of Argentina

Denomination	Metal of chief value	Fineness	Gross weight		Diameter (mm)	Thickness (mm)
			Grams	Grains		
20 centavos.....	Nickel.....	¹ 0.250	4.0000	61.7280	21	1.5
10 centavos.....	do.....	1.250	3.0000	46.2960	19	1.5
5 centavos.....	do.....	1.250	2.0000	30.8640	17	1.0

¹ Alloy is copper.

The total volume of notes outstanding on November 30, 1935, to the charge of the Central Bank was 939,976,290 pesos (m/n). The Central Bank reported that the subsidiary currency issue, to the charge of the National Government, amounted on that day to 211,-783,658.30 pesos.

Notes of 1 peso are printed, but those of higher denominations are engraved. Imported paper is used. The printing is done in Argentina.

NOTE-ISSUING AUTHORITY

Article 35 of law 12155 of March 28, 1935, which establishes the Central Bank of the Argentine Republic, provides that for the entire term of its charter (40 years) the bank shall have the sole right of currency issue in the Argentine Republic, except as regards the subsidiary currency in denominations of 5 pesos national currency or less (including nickel and copper coins) which the National Government will take over along with the future coining or issue of such subsidiary money (art. 4, clause c, of law 12160 of Mar. 28, 1935).

Law 12155, article 36, provides that the bank shall be responsible for all of the notes in denominations exceeding 5 pesos national currency issued by the Conversion Office (abolished by this act), and shall replace them with a new issue of Central Bank notes.

The notes of the Central Bank shall be in denominations of more than 5 pesos as determined by the Board of Directors (art. 37 of law 12155) and shall be legal tender (art. 38).

RESERVE REQUIREMENTS

The Central Bank is required to maintain at all times a reserve sufficient to assure the value of the peso, in gold, foreign currency, or exchange, equivalent to at least 25 percent of its notes in circulation and demand liabilities. The gold and foreign currency or exchange must be unpledged and in the unrestricted ownership of the bank; and the foreign currency or exchange may be included in the reserve only to the extent that they exceed all liabilities in gold and foreign currency and exchange (art. 39 of law 12155).

Although the minimum is fixed at 25 percent, article 39 provides that, if it falls below 33 percent during 60 consecutive days, or over a total period of 90 days, no dividends shall be paid to the shareholding banks, and the corresponding profits shall be allocated to the bank's surplus.

Another restriction is found in article 40 of law 12155, which provides that under no circumstances may the bank hold foreign currency or foreign exchange in an amount exceeding 20 percent of its reserves or include them in its reserves for more than 10 percent.

As to the convertibility of the notes of the Central Bank, article 41 provides: (1) That the bank shall be obliged to exchange its notes at sight in amounts not less than the value in national currency of a typical gold bar of 12.441 kilograms (400 ounces troy) for gold or, at the option of the bank, for foreign currency or exchange; and (2) the rate at which notes shall be exchangeable into foreign currency, or vice versa, shall not vary from parity by more than 2 percent either way. It should be noted, however, that article 58 of the same law (no. 12155) states that "until ordered by special law the provisions of article 41 shall not be effective." No such special law has been enacted.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The Conversion Office was closed in 1929 and was not reopened. It was abolished by law 12160 of March 28, 1935, and its assets and liabilities were transferred to the new Central Bank of the Argentine Republic. Convertibility into gold has not been restored.

Apart from a small amount of silver bullion imported for commercial purposes, there has been no exportation or importation of silver in recent years.

No gold or silver smuggling is believed to exist.

GOLD

No gold hoarding is engaged in by the public. Argentine gold coinage is practically nonexistent, apart from the amount held by the Central Bank.

The following quotation from an article in the London Economist of June 8, 1935, describes the steps taken regarding the revaluation of gold in Argentina:

The Argentine Government's financial reform was so promptly translated into action that it became necessary to revalue the gold held by the immobilized Conversion Office for transfer to the Central Bank. The Exchange Control buys the great bulk of export bills at 15 paper pesos per £ sterling, which is equivalent to 25 paper pesos per gold £, and it was at this level that Argentina decided to revalue the gold reserves. As under the academic parity there are 11.46 paper pesos per £ gold, the gold reserves have been increased in worth in terms of paper pesos by over 100 percent. Even when the Central Bank functions, however, convertibility of the peso will still be suspended, although Argentina has placed herself in a position to follow promptly any international lead toward stabilization. The initial gold stocks of the bank will be large, and the ultimate aim undoubtedly is to supersede the dual gold and paper currency by a single unit on a gold exchange standard, and also to cancel the old conversion law whereby gold and paper were interchangeable at a fixed rate. Until currency convertibility is restored, however, Argentina through the Central Bank will presumably continue the present regime of exchange control and prior exchange permits—with an adjustable official buying rate linked to sterling—which, from the official point of view, has the advantage of leaving large profits in their hands from the margin between the buying and selling rates of exchange.

Gold Reserves Transferred by the Caja de Conversion to the Central Bank

Gold reserves	Number	Old par value	New value
Argentine gold coins.....	1,523,329	Pesos 17,310,557	Pesos 37,780,997
United States gold eagles.....	12,237,843	288,256,829	629,131,599
British sovereigns.....	22,300,202	255,438,649	557,505,050
Total.....		561,006,035	1,224,417,646

The statement of the Central Bank as of November 30, 1935, shows that the value of gold held in Argentina was still 1,224,417,646 paper pesos; and that the bank also had holdings of gold abroad and foreign exchange amounting to 125,344,117 pesos.

THE GOLD CLAUSE

There is no such thing as a gold clause in domestic contracts in Argentina. Practically all contracts are made in "pesos moneda

nacional de curso legal", namely, paper pesos. Few contracts are drawn in terms of "gold pesos", but this is an artificial term which is being eliminated from governmental as well as from private nomenclature. In this connection it is interesting to note that article 4, clause c, law 12160 of March 28, 1935, provides that "obligations expressed in gold pesos, which heretofore could be paid at 2.27 paper per gold peso, shall continue to be paid in the same manner."

SILVER

Silver is neither held by the Treasury nor used by the public. No silver currency exists in Argentina.

AUSTRALIA

The monetary unit is the Australian pound (symbol £), divided into 20 shillings (s.) of 12 pence (d.) each. The pound has a par value of approximately \$8.2397. At present it is on the sterling exchange basis at the ratio of approximately £125 Australian to £100 sterling.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

The use of checks in the larger cities of Australia appears to be as extensive as in Great Britain or the United States.

Paper Currency of Australia¹

Denomination	Dimensions	Amount outstanding May 27, 1935 (millions of pounds)
1,000 pounds ¹	8½ by 5¾ inches.....	7.0
100 pounds.....	4½ by 6¾ inches.....	2.5
50 pounds.....	do.....	1.6
20 pounds.....	do.....	.3
10 pounds.....	3 by 7 inches.....	5.1
5 pounds.....	do.....	10.1
1 pound.....	do.....	16.9
10 shillings.....	do.....	3.6
Total.....		47.1

¹ Engraved in Australia on English-manufactured secretly watermarked paper. The ink is a secret mixture.

² Restricted to interbank use.

NOTE.—The paper currency is unlimited legal tender.

Coins of Australia

Name of coin	Value	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)
				Grams	Grains	Grams	Grains		
Florin ¹	s. d. 2 0	Silver.....	0.925	11.3104	174.5455	10.4621	161.4545	28.575	2.413
Shilling ¹	1 0	do.....	0.925	5.6552	87.2727	5.2310	80.7273	23.622	1.651
Sixpence ¹	0 6	do.....	0.925	2.8276	43.6364	2.6155	40.3636	19.304	1.270
Threepence ¹	0 3	do.....	0.925	1.4138	21.8182	1.3078	20.1818	16.383	1.143
Penny ¹	0 1	Copper.....	0.955	9.4498	145.8333			30.861	2.032
Halfpenny ¹	0 ½	do.....	0.955	5.6699	87.5000			25.400	1.778

¹ Legal tender to not over 40 shillings.

² Alloy is copper.

³ Legal tender to not over 1 shilling.

⁴ Alloy is tin, 0.030; zinc, 0.015.

NOTE.—Circulation figures of the coinage are not given out by the authorities.

NOTE-ISSUING AUTHORITY

The Commonwealth Bank of Australia is the sole note-issuing authority. It acts as a central bank, is wholly Government owned, and is managed by a board of directors appointed by the Government. The board is, however, independent of Government control both de jure and de facto. Its powers are defined by the Commonwealth Bank Acts, 1911-32, under which it operates.

The following are certain sections of the Commonwealth Bank Acts, 1911-32, pertinent to the above:

PART III—MANAGEMENT OF THE BANK

11. (1) The bank shall be managed by a board of directors composed of the governor and seven other directors.

(2) Subject to this act, the 7 other directors shall consist of:

(a) the secretary to the treasury; and

(b) Six other persons who are or have been actively engaged in agriculture, commerce, finance, or industry.

12. (1) The governor and a deputy governor shall be appointed by the Governor General, and shall hold office for a period not exceeding 7 years, and shall be eligible for reappointment.

(2) The directors specified in paragraph (b) of subsection (2) of the last preceding section shall be appointed by the Governor General. * * *

(6) In the event of the office of one of the directors specified in paragraph (b) of subsection (2) of the last preceding section becoming vacant otherwise than by effluxion of time, the Governor General may appoint a director to that office for the remainder of the term for which his predecessor in that office was appointed.

12b. (1) There shall be a board of advice in London hereinafter called the London board.

(2) The London board shall consist of three members to be appointed by the Governor General upon the recommendation of the board of directors.

(3) The members of the London board shall subject to this act hold office for 4 years and be eligible for reappointment.

(4) The duties and powers of the London board shall be such as may be delegated to it from time to time by the board of the bank.

RESERVE REQUIREMENTS

Gold or sterling to an amount of not less than 25 percent of the note circulation must be held in the currency reserve. Silver is not eligible for this purpose.

The Commonwealth Bank Act, section 60K-4, states:

In the event of the sale of any of the gold held * * * in the reserve, the difference between the value of the gold as shown in the books of the bank and the amount realized on the sale of the gold shall not be deemed to be profits within the meaning of section 60J of this act, but the amount of the difference shall be transferred to a special reserve account and shall be available, from time to time, as the board determines, for the purpose of stabilizing exchange or for the purposes of the note issue department.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

On December 17, 1929, the Commonwealth Bank was empowered, subject to the authority of the Commonwealth treasurer, to require holders of gold to furnish particulars of gold coin or bullion held by them and to exchange such gold coin or bullion for Australian notes at the rate of £3/17/10½ per standard ounce. The treasurer's authority to take this action was delegated to the bank, and a certain amount of gold was taken over from the trading banks during the latter part of 1929 and the early part of 1930. The act giving the

bank this power also authorized the Governor General, after the receipt of a recommendation from the Board, to prohibit by proclamation the exportation of gold. No such proclamation has been issued.

At the present time owners of gold are allowed to deal with it as they wish, but notes are not redeemable in gold.

There are no restrictions on dealings in silver, excepting that the importation of coined silver from New Zealand and the exportation of Australian silver to New Zealand are prohibited.

There being no incentive to smuggle bullion, no smuggling is taking place.

GOLD

On May 27, 1935, the reserve against the note issue included £507,537 in gold, that is, 119,484 fine ounces troy, or 130,347 standard ounces. (In addition, sterling exchange to the amount of £15,486,489 sterling was also held as a reserve against the note circulation.)

The mints at Melbourne and Perth, on behalf of the Commonwealth Bank of Australia, buy all gold offered, at a price in Australian currency which corresponds to the London market price, less costs of shipment.

There are no indications of gold hoarding of any consequence.

THE GOLD CLAUSE

The gold clause has seldom been used in Australian contracts. Its legality is doubtful. The clause probably would be upheld by the courts outside of New South Wales. The latter State has barred the gold clause by statute.

SILVER

The monetary stock of silver on June 30, 1934, was as follows:

	Australian pounds	Fine ounces
Held by banks (approximately)-----	2,000,000	6,700,000
Held by public in Australia (approximately)-----	5,000,000	16,800,000
Total-----	7,000,000	23,500,000

On June 30, 1935, silver held in Australia under various categories was as follows:

Treasury:	
Coin-----	£75,500
Bullion-----	£40,435
Australian silver producers-----fine ounces--	977,871

AUSTRIA

The monetary unit of Austria is the schilling (s.), consisting of 100 groschen. One schilling at par equals approximately \$0.2382.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying tables describe the currency of Austria at the end of 1934.

Gold coins are unlimited legal tender. Silver coins of 5 and 2 schillings are accepted by Federal agencies in unlimited amount, and are legal tender up to 100 schillings. For information on other coins, see the following table on legal-tender limits.

The Austrian National Bank has sole control of foreign-exchange operations, including movement of bullion and currency. (See Restrictions on Bullion Movements.)

The notes, which are issued solely by the National Bank, are engraved in Austria on paper of domestic manufacture. They are full legal tender for all purposes, including customs dues and taxes. Although customs dues are levied in terms of gold crowns, they are payable in schilling currency. For conversion purposes, one gold crown is the equivalent of 1.83 paper schillings.

The use of checks is confined largely to drawings on the postal-savings banks.

Legal Tender Limits of Minor Coins of Austria

[In schillings]

Denomination	Payments to the Austrian National Bank	Payments to Federal agencies	Other payments
1 schilling	No limit	50.00	25.00
50 groschen	do	50.00	25.00
10 groschen	do	20.00	10.00
5 groschen	do	2.00	1.00
2 groschen	do	.80	.40
1 groschen	do	.40	.20

Austrian Note Issue, Dec. 31, 1934

Denomination	Dimensions	Amount outstanding—	
		In millions of schillings	Percent of total
1,000 schillings	19.3 by 9.0 cm.	51.7	5.36
100 schillings	16.9 by 8.5 cm.	521.8	54.14
50 schillings	15.7 by 7.8 cm.	103.1	10.70
20 schillings	13.9 by 7.5 cm.	149.0	15.46
10 schillings	12.5 by 7.0 cm.	110.6	11.47
5 schillings	10.9 by 6.5 cm.	27.6	2.86
Various crown (kronen) notes		(1)	.01
Total		963.9	100.00

¹ 65,862 schillings.

Source of circulation figures: Annual report of the Austrian National Bank for 1934.

Austrian Coins, Dec. 31, 1934

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter (mm)	Thickness (mm)	Amount outstanding on Dec. 31, 1934 (thousands of pieces)
			Grams	Grains	Grams	Grains			
100 schillings	Gold	0.900	23.5245	363.0385	21.1721	326.7352	33.0000	2.03	1,388
25 schillings	do	.900	5.8810	90.7596	5.2930	81.6838	21.0000	1.25	1,036
5 schillings	Silver	.835	15.0000	231.4853	12.6250	193.2903	25.0000	2.33	2,740
2 schillings	do	.640	12.0000	185.1883	7.0800	118.5205	29.4894	2.2098	11,804
1 schilling ¹	do	.640	6.0000	92.5941	3.5400	59.2603	25.0000	1.4800	1,024
50 groschen ²	do	.640	3.0000	46.2971	1.9200	29.6302	19.0000	1.3200	27,307
1 schilling	Copper	.750	7.0000	108.0265			26.0000	1.80	16,517
50 groschen	do	.750	5.5000	84.8780			24.0000	1.64	20,820
10 groschen	do	.750	4.5000	69.4456			22.0000	1.6600	976
5 groschen	do	.750	3.0000	46.2970			17.1500	1.7000	83,882
2 groschen	do	.950	3.3333	51.4412			19.0000	1.5700	22,272
1 groschen	do	.950	1.6666	25.7206			17.0000	1.0300	121,763
Total, excluding gold									142,136
									108,568

¹ Amount minted.

² Withdrawn from circulation May 31, 1935, to May 31, 1936.

³ 1924 issue.

⁴ Later issues.

⁵ To be withdrawn from circulation Aug. 31, 1935, to Aug. 31, 1936.

⁶ Nickel 0.250.

⁷ Tin 0.040; zinc 0.010.

⁸ Schillings, excluding the gold coins.

NOTE.—In December 1935 the Vienna Mint issued a new design of Austrian gold coins of 25 and 100 schillings, carrying the new Austrian coat of arms. Austrian 5-schilling coins are also being minted, and early in 1936 the series of 2-schilling coins carrying the portraits of well-known Austrians is to be continued.

NOTE-ISSUING AUTHORITY

The only note-issuing authority is the Austrian National Bank (Oesterreichische Nationalbank). The Government has a controlling voice in the policies of the bank, both de jure and de facto.

RESERVE REQUIREMENTS

The legal requirements as to reserves against the currency are as follows:

According to article 85 of the statutes of the National Bank, the ratio of its holdings of precious metals and foreign exchange ("Barschatz") to total note circulation, plus demand liabilities, must be at least 20 percent until December 31, 1936, 22 percent during the following 5 years, 24 percent during the next 5 years, and 25 percent thereafter.

According to article 86, section 5, of the statutes of the National Bank, small coins ("Scheidemünzen") of the Federal State of Austria are included under the heading "andere bankmassige Deckung" (other banking cover); however, at the discretion of the National Bank, silver coins may be included in the "Barschatz" at their bullion value ("Edelmetallwert").

The bank's holdings of Austrian silver coins as of May 31, 1935, amounted to 3,340,000 Austrian schillings, or about 11,750 kilograms of fine silver, and holdings of other silver coins to about 40 kilograms, or a grand total of approximately 379,000 fine ounces troy.

RESTRICTIONS ON BULLION MOVEMENTS

According to paragraph 8, section 2, of the Fourth Exchange Regulations (devisenverordnung) of December 23, 1931, published in the Austrian Official Gazette No. 4, of January 9, 1932, the transfer of gold and silver to foreign countries is allowed only with the written permission of the National Bank. As an exception to these regulations, tourists are allowed to take with them Austrian silver coins to a maximum amount of 10 schillings and foreign silver coins up to 20 schillings. In the so-called border traffic, the maximum amount of Austrian and foreign silver coins together is limited to 5 schillings.

The purchase and borrowing of gold and silver abroad is allowed only with the written permission of the National Bank. (Par. 8, sec. 3, of the Third Exchange Regulations of Nov. 18, 1931, published in the Austrian Official Gazette, no. 92, of Nov. 21, 1931.)

Smuggling is believed to exist, but it is not regarded as extensive.

GOLD

The gold holdings of the National Bank on May 31, 1935, amounted to 242,235,936.45 Austrian schillings. As 1 kilogram of fine gold is equal to 5,999.83 schillings, or 1 schilling to 0.16667 gram of fine gold, the weight of the bank's gold holdings on May 31, 1935, was approximately 40,373 kilograms, equivalent to approximately 1,293,000 fine ounces troy.

In June 1935 gold was being purchased by the National Bank at a premium of 27 percent.

It is difficult to obtain reliable estimates of gold hoarded by the public, especially as it is not known to what extent the former gold coins went to the individual succession States.

Since 1925 about 13,488 kilograms of fine gold have been minted. The National Bank's holdings of gold coins of the schilling currency in June 1935 amounted to 2,160 fine kilograms. Therefore, about 11,328 fine kilograms of schilling gold coins are presumed to be held by the Austrian public. However, certain undetermined amounts of gold seem to have been shipped abroad occasionally for dividend payments of the National Bank. On the other hand, unknown amounts of old "kronen" gold coins, ducats, and foreign gold coins are still held by the public.

THE GOLD CLAUSE

The chief legal basis for the gold clause in Austrian contracts is the so-called Gold Clause Decree (Goldklauselverordnung) of March 23, 1933, with a number of amendments. In recent Austrian loans the so-called Treffer-Goldklausel (Austrian lottery loan gold clause) was used. The German name is derived from the "Trefferanleihe", or Austrian lottery loan.

The prospectus of the most recent Austrian loan, the Austrian Work Loan 1935, contains a gold clause in the following form:

If on the last Bourse day before the due date of a capital or interest payment, the gold rate on that day, announced in accordance with paragraph 2 of the Gold Clause Order, BGBI. Nr. 73/1933, is higher than it was on the 1st of May 1935, then the amount to be paid in legal currency is increased in the same proportion over the par value of the payment in question.

When in future the publication of the gold rate according to the gold clause order should for any reason be discontinued, then the creditor has a claim for legal currency in an amount, the gold value of which shall equal the actual gold

value of the rate prevailing on May 1, 1935 (1 schilling = 0.1654069275 fine grams gold), but in no case less than the par value of the payment due.

In determining the amount of legal currency necessary to reach the actual gold value, the following procedure should be adopted: First, there is determined how much foreign exchange would have been necessary to provide, in the leading gold markets, the amount of gold needed on the last day before the due date, and further there is to be determined what amount in internal domestic currency in Vienna would have been necessary actually to secure the amount of foreign currency needed to obtain that amount of gold.

The following information was reported by Commercial Attaché Gardner Richardson, from Vienna, on April 5, 1933:

The recent decision of the Austrian Supreme Court of Justice regarding obligations calling for payments in foreign exchange or gold has caused much embarrassment in Government and financial circles, inasmuch as it is partly in contradiction with existing practice. It was feared that the decisions of the Supreme Court might precipitate a flood of lawsuits, create much uncertainty and disorder, and cause insolvencies and bankruptcies. On the other hand, the Government—which in the interest of its credit is very anxious to fulfill its foreign obligations—did not wish to repudiate by a legislative act the validity of the principles underlying these court decisions and thus weaken confidence in financial circles. After protracted deliberations, a compromise was arrived at and published in the Official Gazette of March 24, 1933, in the form of two decrees called the "Goldklauselverordnung" and the "Goldschuldenerleichterungsverordnung."

The first decree (Goldklauselverordnung) provides that obligations calling for payment in foreign exchange or gold schillings, but also payable in paper schillings, can be paid at the international rate of exchange of the schilling. On each trading day this rate will be officially calculated by a committee of the Vienna Stock Exchange on the basis of the London gold price and of actual exchange transactions made in Austria.

Obligations payable in a foreign currency, that before March 30, 1933, were paid for in schillings at the fixed rate of exchange and obligations calling for gold schillings that were or will be paid for in paper schillings at their face value, namely at the fixed rate of exchange prevailing to May 1, 1933 (in both cases including obligations arising from imports of merchandise or from services rendered), shall be considered as fully paid; so also parts of such obligations paid up to date. However, no claims can be made by a debtor for a refund of previous payments at a rate in excess of the official parity of the schilling.

The above principle does not apply to pre-war debts of the former Austro-Hungarian Monarchy, payment of which will be regulated by a separate decision, nor to mortgage bonds or funded bank bonds and obligations originating therefrom which are regulated by the second decree published on March 24, 1933. * * *

The second decree (Goldschuldenerleichterungsverordnung) regulates exclusively the payment of mortgages and of mortgage bonds expressed in gold. Although the decree recognizes in principle the obligation to pay such debts at their international value, it nevertheless introduces a sweeping modification of such existing obligations so that in practice the burden of the debtor is lightened at the expense of the creditor. The main changes in the case of mortgage bonds are a decrease of the rate of interest, and a considerable extension of the date of maturity. The decree recognizes the right to demand gold so that full payment in schillings at the international rate of exchange can be demanded. These stipulations become effective on April 30, 1933.

The stipulations covering ordinary mortgages expressed in gold provide that, under certain conditions recently established, mortgages can be repaid in paper schillings at their face value, namely at the fixed rate of exchange, and that the service on all ordinary mortgages, for the time being, can also be made in paper schillings at their face value. From a certain date, which will be fixed by the Minister of Finance, but not prior to January 1, 1936, the repayment of gold mortgages and the service thereon will be legal only at the full gold value, namely, at the international rate of the schilling; simultaneously, the rate of interest agreed upon will be reduced by one-fourth.

The complicated stipulations of the above decree constitute a compromise, the purpose of which is to recognize in theory the validity of agreements calling for gold payments and to safeguard the rights of the creditor as far as possible and yet avoid a financial breakdown, especially of rural land mortgage banks and

agricultural debtors, who under present conditions are not in a position to pay a high rate of interest.

According to a press report of July 24, 1935, the Government has ruled that Austrian insurance companies that have issued gold-dollar policies must meet claims in gold dollars or their equivalent.

SILVER

In addition to the information in Trade Promotion Series 149, The Monetary Use of Silver in 1933, the following facts are of interest. Federal decree no. 155 of July 25, 1934 (published in the Austrian Official Gazette No. 54, of July 28, 1934), ordered the issuance of 5-schilling silver coins, 0.835 fine, having a gross weight of 15 grams. The 2-schilling pieces, 0.640 fine, weighing 12 grams, remain in circulation, while the 1-schilling silver coins were withdrawn from circulation on May 31, 1935, and the 0.50-schilling silver coins will be withdrawn on August 31, 1935.

On February 28, 1934, the Cabinet decided to withdraw the 5-schilling paper notes and 1- and 0.50-schilling silver coins, and to issue 5-schilling silver coins. Several official reasons were cited: (1) Small-denomination notes were a temporary expedient growing out of the war; (2) replacement costs make small notes more costly than coins to keep in circulation; (3) bank notes of less than 10 schillings are contrary to Austrian traditional practice; (4) the trend throughout Europe is to replace small notes with coins.

The fineness of 0.835 is that used before the war.

The substituting of silver coins for the 10-schilling notes was postponed, since the procuring of silver for the 5-schilling coins presented so many difficulties. Hence, "further innovation in the expensive metal" was considered out of the question.

According to the National Bank, it is impossible to estimate the total amount of silver in monetary use that was held by the general public and by the banks. Of the 2-schilling coins, which are held by the public as memorial coins (Gedenkmünzen) in considerable quantities, a total of about 80,000 kilograms has been coined up to the present time.

The holdings of the State mint amount to about 100,000 kilograms fine silver, and those of the National Bank amount to about 40 kilograms fine silver. The total of 100,040 kilograms equals approximately 3,216,000 fine ounces troy.

BELGIUM

The monetary unit is the Belgian franc (abbr. fr.), divided into 100 centimes. The belga is the unit employed in foreign-exchange transactions. The franc is one-fifth of a belga, and has a par value of approximately \$0.0339.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Foreign currency may be freely imported, but none circulates in Belgium. The use of checks is usually limited to business payments, but there has been a gradual increase in their private use. Postal check accounts are widely held, and their number has been increasing rapidly. All Government payments are made by postal checks.

Paper Currency of Belgium, June 1, 1935¹

Denomination	Dimensions	Amount outstanding (billions of francs)
10,000 francs ¹	223 by 135 millimeters	1.6
1,000 francs ¹	223 by 135 millimeters	10.1
500 francs ¹	205 by 125 millimeters	2.9
100 francs ¹	184 by 108 millimeters	5.8
50 francs ¹	144 by 87 millimeters	.5
20 francs ¹	137 by 82 millimeters	.1
5 francs ¹	125 by 75 millimeters	(4)
Total		21.0

¹ Engraved on specially watermarked new-rag paper imported from France and England. To make counterfeiting difficult, the notes are printed in 3 colors on the face and 4 colors on the reverse side.

² Issued by the National Bank of Belgium.

³ Issued by the Treasury.

⁴ 43,736 francs.

NOTE.—The paper currency is legal tender to any amount.

Coins of Belgium, June 1, 1935

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding (millions of francs)
			Grams	Grains	Grams	Grains			
50 francs ¹	Silver	0.880	22.000	339.5120	14.9600	230.8777	35	1.76	
20 francs	do.	.680	11.000	169.7560	7.4800	115.4338	28	2.29	498.5
5 francs	Nickel	1.000	15.000	231.4953			31	2.03	
1 franc	do.	1.000	5.000	77.1618			21	1.40	301.0
50 centimes	do.	1.000	2.000	30.8909			17	1.20	
25 centimes	do.	.850	1.250	19.3403			16	1.20	
10 centimes	do.	.850	1.250	19.3403			16	1.20	
5 centimes	do.	.850	1.250	19.3403			16	1.20	36.6
Total									836.1

¹ Commemorative coin. See paragraphs under Silver.

² Alloy is copper.

³ The 25-centime piece has a 4.50 mm hole in the center; the 10-centime piece, one of 4 mm; and the 5-centime piece, one of 3.50 mm.

NOTE.—A royal decree of July 1, 1935, extended the time limit from May 31, to Aug. 31, 1935, for the exchange of 20- and 10-franc nickel coins being withdrawn from circulation. 2-franc pieces ceased to be legal tender on Oct. 1, 1933.

The 50- and 20-franc silver pieces, and the 5-franc nickel-alloy piece are legal tender for payments up to any amount. The 1-franc and 50-centime nickel-alloy pieces are legal tender for payments up to 50 francs; and the pierced cupro-nickel coins comprising 25-, 10-, and 5-centime pieces are legal tender for payment up to 5 francs.

NOTE—ISSUING AUTHORITY

Pending replacement by metallic coins, the old notes of the National Bank of Belgium continue to circulate as State obligations, bearing the stamp of the Treasury. They comprise the only Government paper money in use. The circulation of these notes as of June 1, 1935, was 649,262,000 francs.

Only the National Bank is authorized to issue banknotes (art. 4 of the organic law). The King nominates the Governor of the bank and a Government official supervises the bank's operations. If deemed desirable, the Minister of Finance may appoint experts to collaborate with the Government supervisor on certain temporary investigations. The Government has the right to investigate all operations of the bank and can oppose any measure which would be contrary to the law, the statutes, or the interests of the State (arts. 25 and 26 of the organic

law). Government control is therefore purely negative; that is, it can be exercised only by a veto. The policy of the bank is fixed by the board of directors.

RESERVE REQUIREMENTS

The National Bank is obliged to have a gold cover equivalent to at least 40 percent of its sight obligations. Not less than three-fourths of this minimum must consist of gold and not more than one-fourth of foreign currencies convertible into gold. Silver is no longer permitted to be included in the reserves.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The importation, exportation, and transportation of gold coin and bullion are subject to the regulations issued under royal decree no. 141 of March 17, 1935. Article 7 of this decree reserves such operations to the National Bank. There are no restrictions in regard to silver movements. Smuggling is extremely rare.

GOLD

As of June 20, 1935, the gold reserves of the National Bank amounted to 18,047,163,000 francs, representing about 566,349 kilograms of fine gold.

Gold is not being purchased at a premium by the Government or the central bank.

Gold hoarding which was manifest prior to the devaluation of the belga (Mar. 30, 1935) appears to have ceased almost completely since the beginning of April 1935.

THE GOLD CLAUSE

Before the devaluation of March 30, 1935, the Belgian law, while respecting the principle of liberty of contract where the intent of the parties is explicitly expressed (as in guaranty or agio clauses providing for payment of an additional sum in bank notes to offset any devaluation), rejected clauses in direct opposition to the legal tender and compulsory circulation of the National Bank notes (such as "payment in gold", or "payment in metallic specie"). The courts refused, in the absence of an express stipulation to this effect, to see in such clauses a contractual device giving guaranty against currency depreciation through at least the accessory granting of an agio.¹

When the Belgian franc was devaluated in March 1935, the question of the gold clause again came up. A royal decree of April 11, 1935,

¹ The National Bank of Belgium, dealing with this subject, states: "Belgian juridical authorities, after some hesitation, have approved the validity of clauses serving as a guaranty against the eventual depreciation of the national currency. The Court of Higher Appeal, in two judgments rendered on May 30, 1929, admitted the validity of the agio clause in questions of loans. This decision is therefore applicable to all other contracts implying obligations covering amounts due in the future. The two judgments have definitely fixed jurisprudence in Belgium; it is now understood that the royal decree of Aug. 2, 1934, did not establish an equivalence between the value of the bank note and of the metal coin. This decree had for sole object the ensuring of circulation of notes and the attribution to them of the same legal tender as that of Belgian metal coins."

"All clauses which foresee a possible depreciation of bank notes and which are intended to maintain the equivalence of the reciprocal obligations of contracting parties are therefore valid, provided that they respect the legal tender and compulsory circulation of the National Bank notes. As a whole, the Belgian jurisprudence thus cancels the clause 'payment in gold or metal coins', as being contrary to the compulsory circulation of bank notes, which was maintained by art. 7 of the decree of Aug. 25, 1925, relating to the monetary stabilization, but recognizes the validity of the gold clause which, while maintaining the payment by fiduciary issue, causes the quantity of notes to be paid to vary in relation with the gold rate of a foreign currency. This ruling has been confirmed several times by other judgments of the Court of Higher Appeal of June 30, 1930, May 12, 1932, and Apr. 27, 1933."

stipulated: That in contracts covering rental of buildings, long leases (emphyteusis) and loans, concluded prior to March 31, 1935, and containing a gold or agio clause, payment from the debtor is compulsorily calculated according to the gold parity of the belga as defined by the royal decree of October 25, 1926, or—if it be a question of a clause referring to the rate of exchange of a foreign currency—according to the exchange rate for this currency as of March 1, 1935. This decree is not meeting general adherence, and it is not improbable that it may be modified.

The following is an excerpt from a report by Thomas L. Hughes, American commercial attaché, Brussels, dated April 15, 1935.

The regulation of April 11 does not affect contracts with foreign countries, such as loans obtained abroad on a gold basis or on the basis of foreign currencies, either by private contracting parties, or by the Government of Belgium, the Belgian Congo, the Belgian provinces, or the Belgian communes. Commercial contracts are likewise unaffected. On the other hand, the gold clause will in legal practice be considered as having been nullified by the decree of April 11, 1935, which fixes the gold content of the present franc as regards leases, contracts for loans, and contracts fixing interest under Belgian law within Belgium. The gold contract is thus abrogated only within Belgian territory, and then only in respect to rentals, loans, and interest.

Payments on contracts for the renting of property or in respect of loans in which the gold clause is included, must be made in the legal tender current at the moment of payment, and the creditor may not expect more than the sum agreed upon in Belgian francs at the time the contract was drafted. In its report on this subject to the King, it is pointed out by the Cabinet that the purchasing power of the Belgian franc today, due to the low cost of living now prevailing, is greater than at any time since 1927. Although this does not take into account the probable depreciation in purchasing power which must follow the devaluation, it is none the less an argument which may for the moment be supported by statistics on retail prices since 1925.

It appears now that these figures may be invoked by all debtors to show that the money which they are now returning, regardless of its purchasing power in gold, represents a greater retail purchasing power than at any time during the past 8 years—the period during which 90 percent of the contracts under consideration were drafted. It would therefore be an injustice at present to insist that the creditors add further to their claims by insisting upon payment in gold.

Behind this argument, which price changes within the next 2 or 3 months may render no longer applicable, there is the much more considerable reason of state that the whole object of the devaluation, insofar as it was not an involuntary maneuver, lay in keeping down the payments being made by Belgian producers. To have loaded rent payers with an additional burden at the moment when the gold value of their savings was being cut down by 28 percent would have been the very negation of the Government's financial policy.

SILVER

Since the publication of Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, silver coins have been put into circulation. Following the London Economic Conference of 1933, the Belgian Government again minted silver coins, and an issue of 20-franc pieces resulted from royal decree of October 28, 1933. This accounted for important increases of silver imports during 1933 and 1934.

In addition to the 20-franc coins referred to above, a 50-franc coin is now being minted to commemorate the Brussels 1935 Exposition, which opened at the end of April 1935. This commemorative coin may possibly be retired at the close of the exposition on October 31, 1935. In this event, it is the Government's intention to replace it by a coin of similar value which will replace the 50-franc Treasury notes referred to under Description and Circulation of Currency.

By a decree of July 30, 1932, published in the *Moniteur Belge* of August 4, the Belgian 5-franc, 2-franc, 1-franc, and 50-centime silver coins were demonetized as of August 1, 1932. Actually, these coins have not been in circulation since the World War, as they were at that time hoarded for their value as bullion and, later, gradually bought up by the Treasury.

The National Bank of Belgium holds no silver, and the stock at the mint amounted to about 100 (metric?) tons on November 21, 1934, from which must be deducted the withdrawals necessary for the 50-franc commemorative coins now being minted. At the present rate of coinage it is estimated that the existing stock will be sufficient for the needs of the next 4 or 5 years.

The weight of fine silver corresponding to the silver 20-franc pieces in circulation on June 1, 1935, was 186,441 kilograms, or about 5,994,000 ounces. Similar information in respect of the 50-franc commemorative coins is not yet available.

BOLIVIA

The monetary unit is the boliviano (abbr. b.), divided into 100 centavos. The boliviano has a par value of approximately \$0.6180.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Because coins were being hoarded by the Indians, the Government was authorized to divide 1-boliviano notes into two parts to be valued at 50 centavos each and used as change. Later, however, the division of bolivianos was declared illegal, and in October 1935 the ½-boliviano notes were being withdrawn from circulation. The Central Bank also contracted abroad for the coinage of 5- and 10-centavo pieces of nickel, which have been delivered. The total amount ordered had a face value of 1,250,000 bolivianos, and, of this, 100,000 bolivianos were put into circulation in June 1935, the balance to be used as circumstances require. The Ministry of Finance states that the new coins will circulate under the same conditions and with the same value as the old.

The issuance of paper currency has greatly increased. According to figures given by the consulate in La Paz during October 1935, the bank had issued notes to the amount of 160,100,000 bolivianos, of which 11,684,645 bolivianos were held by the Bank, leaving in circulation 148,415,355 bolivianos at that time, as compared with 85,597,351 in circulation on December 31, 1934. For recent years, the circulation of nickel and silver coins has been reported as approximately 6,000,000 bolivianos. On December 31, 1934, Bolivian silver coins held by the bank amounted to 178,413 bolivianos and Bolivian nickel coins, to 12,300 bolivianos.

Paper Currency of Bolivia¹

Denomination	Dimensions	Amount outstanding October 1935 (millions of bolivianos)
1,000 bolivianos.....	180 by 93 mm.....	1.9
500 bolivianos.....	175 by 91 mm.....	1.7
100 bolivianos.....	180 by 100 mm.....	11.6
50 bolivianos.....	180 by 90 mm.....	10.6
20 bolivianos.....	180 by 90 mm.....	25.3
10 bolivianos.....	180 by 82 mm.....	38.2
5 bolivianos.....	162 by 80 mm.....	43.5
1 boliviano ²	140 by 70 mm.....	15.5
Total.....		143.3

¹ Issued by Central Bank of Bolivia. Engraved in the United States. Specially prepared paper, with safety marks, is used. The paper is 75 percent linen and 25 percent cotton.

² Regarding the use of divided notes, as half bolivianos, see text above.

Coins of Bolivia

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter (mm)	Thickness (mm)
			Grams	Grains	Grams	Grains		
20 bolivianos ¹	Gold.....	0.900	12.2038	188.3331	10.9834	169.4907	---	---
10 bolivianos ¹	do.....	.900	6.1019	94.1666	5.4917	84.7499	---	---
1 boliviano.....	Silver.....	.800	15.0000	231.4853	12.0000	185.1883	---	---
50 centavos.....	do.....	.800	7.5000	115.7427	6.0000	92.5941	---	---
20 centavos.....	do.....	.800	3.0000	46.2971	2.4000	37.0377	---	---
10 centavos.....	Nickel.....	1.250	4.8000	74.0754	---	---	25.20	1.24
5 centavos.....	do.....	1.250	2.4000	37.0377	---	---	20.35	.94

¹ These coins were provided for in the law but were never minted.

² Alloy is copper.

NOTE.—A Bolivian banker is reported to have said that the hoarding and melting of coins which resulted from the rise in the price of silver in 1934 and 1935 made it impossible to estimate the amount of coins outstanding.

NOTE-ISSUING AUTHORITY

Article 59 of the organic law of July 20, 1928, gives the Banco Central de la Nacion Boliviana, commonly known as the Banco Central de Bolivia, the exclusive right to issue currency during the 50 years of its existence. Only notes of that bank are now in circulation. The bank has all the functions of a central bank and acts as agent for the Government. The law provides that two of the eight directors of the bank shall represent and be approved by the Government. Of the total 238,226.75 shares of the bank's stock the Government holds 143,422.50 shares. These are called "class A" shares which, according to article 8 of the law referred to, do not enjoy voting rights.

RESERVE REQUIREMENTS

Article 71 of the law provides that the Central Bank must maintain a minimum legal reserve in metal equal to 50 percent of its total note circulation and deposits. Article 72 provides that this reserve shall consist, among other things, of Bolivian silver money in the vaults of the bank, but the amount of silver in the reserve may not at any time exceed 10 percent of the combined circulation and deposits.

Article 73 of the law provided that if the metallic reserve should fall below 50 percent, a sliding scale of penalties should be imposed. Laws enacted September 6 and November 21, 1932, authorizing the executive to contract two loans with the Central Bank up to the sum of 50,000,000 bolivianos, implicitly recognized the bank's right to reduce its metallic reserve to the extent of the credits extended to the State during the period of war.

The demands made upon the bank by the Government because of the Chaco War led to the enactment of the law of September 6, 1932, which granted the bank the right, in case of necessity, to make up its legal reserve with first-class commercial paper, provided such paper did not exceed 10 percent of its total reserves. The supreme resolution of November 29, 1932, provided that if the legal-reserve ratio of the bank falls below 50 percent, the fines specified in article 73 will not be imposed.

A recent statement of the bank gives the following figures regarding the legal reserve at the close of 1934. It is understood that the silver shown under this heading is held in the form of coin, and not bullion. To assist the bank in building up its reserve, it was authorized by a decree of July 10, 1933, to retain 25 percent of the foreign drafts delivered by exporters of minerals. Because of the great demand for foreign exchange, due principally to governmental purchases of war necessities, it is believed that the bank has not taken full advantage of this privilege of 25 percent and that it cannot do so for some time.

On December 31, 1934, the Central Bank held among its general assets the following, the amounts stated being bolivianos:

Gold bullion.....	888, 598
Gold coin.....	28, 971
Total gold.....	917, 569
Bolivian silver money.....	178, 413
Total metallic stock.....	1, 095, 982

In addition the bank held 12,300 bolivianos in Bolivian nickel coin.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

A prohibition on the export of gold in any form, as well as a moratorium on obligations abroad payable in foreign currency, was established by law on October 6, 1931, for a period of 30 days, subject to extension. It has since been extended. The exchange-control law of May 19, 1932, provides that for 2 years, subject to extension, the Central Bank shall have the sole right to buy and sell gold.

Article 7 of the law of May 25, 1932, provided that while the law of October 6, 1931, was in effect, gold would not be exported without the permission of the Ministry of Finance, and any sale of gold must be made to the bank, which should acquire it on the basis of the price fixed by the Assay Office of the United States, in New York City, and the exchange rate of the day, after deducting insurance and transportation expenses. The latter stipulation was altered by a decree of April 11, 1934, which provided that gold purchased by the Central Bank should be paid for, 70 percent in foreign drafts and 30 percent in local currency at the official rate of the day. This decree also authorized the circulation within the country of foreign drafts so acquired, reaffirmed

the sole right of the bank to export gold, and made provision for the appointment of agents throughout the country to buy gold on behalf of the bank.

By decree of January 31, 1935, the bank was authorized to pay higher prices for gold, either in local currency or, if necessary, in foreign drafts, provided the seller imports merchandise to a value of 70 percent of the drafts he receives. The bank now (October 1935) quotes the price of £216 17s. 0d. for a kilogram of pure gold.

A decree of January 24, 1935, providing new exchange restrictions, prohibits the exportation of silver coins and silver plate. Bolivia is an important producer of silver ores and concentrates which are exported subject to regulations regarding the use of the foreign exchange derived therefrom.

Smuggling of gold is very extensive, and the Central Bank realizes that it obtains only a very small portion of the gold produced. For this reason there have been several changes in the rates at which the Central Bank buys gold, in an effort to make smuggling less profitable. As gold does not circulate, it is believed that there is little hoarding unless by producers of this metal. Most of this available gold, however, finds its way out of the country by illegal channels.

GOLD

The Central Bank held 888,598 bolivianos of gold in bars and 28,971 bolivianos of gold in coin, or a total of 917,569 on December 31, 1934. Its balance sheet shows that 8,591,505 bolivianos of gold are also held in London. This represents gold shipped to London by the bank and the two commercial banks in 1934 as security for sterling loans and subject to redemption. All available gold held was shipped at that time and the gold now in the vaults of the bank constitutes that purchased locally since that time. The gold in the vaults as of June 1, 1935, weighed 375.292 kilograms.

THE GOLD CLAUSE

There is no gold clause in domestic contracts of any kind. Bank notes of the Central Bank state that a certain sum will be paid at sight "in gold or in gold drafts", but this has necessarily been abrogated in effect.

SILVER

There has been no further information on silver since the publication of Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

BRAZIL

The monetary unit of Brazil is the milreis (written 1\$000), divided into 1,000 reis. One conto is equal to 1,000 milreis. The Bank of Brazil still considers the milreis to have a parity of \$0.1196 United States currency, but as the conversion of circulating currency into

gold has been abandoned, the milreis does not possess, practically speaking, any determinable par of exchange:

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the following tables:

Paper Currency of Brazil

Denomination	Dimensions	Amount outstanding Aug 7, 1935 (millions of milreis)
1,000 milreis (1 conto).....	7 $\frac{1}{2}$ by 3 $\frac{1}{2}$ inches.....	97.9
500 milreis.....	7 $\frac{1}{2}$ by 3 $\frac{1}{2}$ inches.....	
200 milreis.....	7 $\frac{1}{2}$ by 3 $\frac{1}{2}$ inches.....	
100 milreis.....	7 $\frac{1}{2}$ by 3 $\frac{1}{2}$ inches.....	
50 milreis.....	6 $\frac{1}{2}$ by 3 $\frac{1}{2}$ inches.....	443.6
20 milreis.....	6 $\frac{1}{2}$ by 3 $\frac{1}{2}$ inches.....	
10 milreis.....	6 $\frac{1}{2}$ by 3 $\frac{1}{2}$ inches.....	
5 milreis.....	6 $\frac{1}{2}$ by 3 $\frac{1}{2}$ inches.....	
2 milreis.....	5 $\frac{1}{2}$ by 2 $\frac{1}{2}$ inches.....	66.3
1 milreis.....	5 $\frac{1}{2}$ by 2 $\frac{1}{2}$ inches.....	
Total.....		3,201.2

Coins of Brazil

Denomination	Metal of chief value	Fine-ness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding June 30, 1935 (millions of milreis)
			Grams	Grains	Grams	Grains			
2 milreis.....	Silver.....	0.500	8	123.456	4	61.728	26.1110	1.8542	42.1
1 milreis.....	Aluminum.....	.910	8	123.456			26.7208	2.4130	70.4
500 reis.....	do.....	.910	4	61.728			22.7584	1.7018	16.7
400 reis.....	Copper ¹.....	.750	12	185.184			30.4292	2.0828	16.1
200 reis.....	do.....	.750	8	123.456			25.1968	2.1082	16.4
100 reis.....	do.....	.750	5	77.180			21.0820	1.8796	10.5
Total.....									172.2

¹ Copper, 75 percent; nickel, 25 percent.

NOTE-ISSUING AUTHORITY

Under existing law the National Treasury and the Bank of Brazil are the only agencies legally authorized to issue currency. However, the amount of notes which may be emitted by the Bank of Brazil is limited to 100,000,000 milreis.

Although it does not perform all of the functions of a central bank, the Bank of Brazil possesses many of the characteristics of such an institution. As a majority stockholder in the bank, the Government exercises both de jure and de facto control over its functions and policies.

RESERVE REQUIREMENTS

There are no legal requirements with respect to the establishment and maintenance of precious-metal reserves against currency issues. Although internal purchases of gold have been made on a substantial

scale by the Bank of Brazil for the account of the Treasury since December 1933 (authorized by decree 23,535 of Dec. 4, 1933), this bullion is not specifically earmarked for reserve purposes. Silver is employed exclusively for minting purposes. It is estimated that about 78,800,000 grams of the metal are in monetary use in the country.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Decree 23,258 of October 19, 1933, made reoperative the provisions of the law of December 31, 1921, which prohibited the exportation of gold, silver, and other precious metals. A subsequent decree (Dec. 4, 1933) required that all gold extracted in the country be sold to the Bank of Brazil or its authorized agents. The restrictions provided for by these two decrees are currently in effect and will continue to be until modified, since no time limitation, specific or implied, is carried in the text of either.

Opinions as to the extent of gold smuggling vary considerably, but it is generally believed that the Government is actually receiving perhaps as little as one-third and certainly not more than one-half of the country's total gold production.

GOLD

According to an official statement, the Bank of Brazil held at the disposition of the National Treasury on July 31, 1935, 11,300,023.345 grams of fine gold, which was purchased at a total cost of 182,251,000 milreis.

The price paid by the Bank of Brazil for gold closely approximates the world market price (current price 18.5 milreis per gram). As previously mentioned, the Federal Government has been actively buying gold since December 1933.

Gold hoarding is not believed to be practiced to any extent in Brazil, although a group of local capitalists was reported to have held a sizable amount of the metal for speculative purposes during the early part of 1934, which was later disposed of. At present, practically all of the gold acquired clandestinely is smuggled out of the country.

THE GOLD CLAUSE

Decree no. 23,501 of November 27, 1933 (published in Diario Oficial of Nov. 30, 1933) abolished the gold clause in all contracts executable in Brazil. This law has not been modified in any essential detail.

SILVER

The conditions outlined in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, with respect to the monetary use of silver in Brazil, have undergone no change.

It is estimated that 78,803,136 grams of silver have been minted into coins (2-milreis) now in circulation.

BRITISH INDIA

The monetary unit is the rupee, divided into 16 annas. One anna equals 4 pice; 1 pice equals 3 pies. The rupee is pegged to the pound sterling at a ratio of 1 shilling 6 pence per rupee and accordingly has a par value of approximately \$0.6180. British Indian coins are in use in Ceylon, British Somaliland, Zanzibar, Pemba, Mauritius, and

elsewhere, but are being withdrawn from circulation in Iraq. The monetary unit in Ceylon is the rupee, but fractional coins differ from those in use in British India, since in Ceylon they are based on the decimal system. In Mauritius, also, the rupee is divided into 100 cents, and cent coins are in use. Mauritius employs silver coins in denominations of 1, $\frac{1}{2}$, $\frac{1}{4}$, and $\frac{1}{10}$ rupee. In Zanzibar silver coins in the denominations of $\frac{1}{4}$ rupee are issued; in silver content these coins are proportionate to the British Indian rupee silver piece.

One lakh equals 100,000 rupees (written 1,00,000); 1 crore equals 10,000,000 rupees (written 1,00,00,000). For example, 172,500,000 rupees would be written 17,25,00,000 and would be read as 17 crores 25 lakhs.

The notes of the reserve bank are legal tender in any amount, as are 1- and $\frac{1}{2}$ -rupee silver coins that are not defaced and are within 2 percent of their standard weight. All coins of less than $\frac{1}{4}$ rupee are legal tender in amounts not exceeding 1 rupee.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying tables describe the paper money and coins.

Paper Currency of British India, Mar. 31, 1934

Denomination	Dimensions ¹	Amount outstanding (millions of rupees)
10,000 rupees.....	8 by 5 inches.....	97.8
1,000 rupees.....	8 by 5 inches.....	113.1
500 rupees.....	8 by 5 inches.....	6.0
100 rupees.....	6 $\frac{3}{4}$ by 4 $\frac{1}{4}$ inches.....	649.0
50 rupees.....	6 $\frac{1}{4}$ by 4 $\frac{1}{4}$ inches.....	13.3
20 rupees.....	(2).....	.2
10 rupees.....	5 $\frac{1}{4}$ by 3 $\frac{1}{4}$ inches.....	674.1
	6 $\frac{1}{4}$ by 4 inches.....	
5 rupees.....	6 by 3 $\frac{3}{4}$ inches.....	215.3
2 $\frac{1}{2}$ rupees.....	5 by 2 $\frac{1}{2}$ inches.....	.1
1 rupee.....	(2).....	3.3
Total.....		1,772.2

¹ Sizes mentioned are for notes issued by the Government of India under the signatures of the then Comptrollers of the Currency. All new notes will be issued by the Reserve Bank of India, but no issue is expected before late 1935. Designs and other details of the new notes are still under consideration.

² Data not available.

Coins of British India

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)
			Grams	Grains	Grams	Grains		
1 rupee ¹	Silver.....	0.916 $\frac{2}{3}$	11.6638	180.00	10.6918	165.00	30.48	1.524
$\frac{1}{2}$ rupee ¹	do.....	.916 $\frac{2}{3}$	5.8319	90.00	5.3459	82.50	24.13	1.213
$\frac{1}{4}$ rupee ¹	do.....	.916 $\frac{2}{3}$	2.9160	45.00	2.6730	41.25	19.05	.965
$\frac{1}{8}$ rupee ¹	do.....	.916 $\frac{2}{3}$	1.4575	22.50	1.3365	20.625		
4 annas ¹	Nickel.....	.250	6.8039	105.00			25.00	1.628
2 annas ¹	do.....	.250	5.8319	90.00			21.00	1.549
1 anna ¹	do.....	.250	3.8879	60.00			19.80-21.00	1.295
2 pice ($\frac{1}{4}$ anna) ¹	Copper.....	.750	9.7200	150.00				
1 pice ($\frac{1}{8}$ anna).....	do.....	.750	4.8599	75.00			25.40	.990
$\frac{1}{2}$ pice.....	do.....	.750	2.4300	37.50			21.33	.711
1 pie ($\frac{1}{4}$ pice).....	do.....	.750	1.6200	25.00			17.27	.711

¹ Round.

² Being withdrawn from circulation. There were also $\frac{1}{4}$ -rupee nickel coins, now not in circulation.

³ Has 8 scalloped edges.

⁴ Alloy: Copper, 0.750.

⁵ Square in shape.

⁶ Has 12 scalloped edges.

⁷ Alloy: Tin, 0.040, and zinc, 0.010.

In 1930 Trade Commissioner J. Bartlett Richards reported the devices used to prevent counterfeiting as follows:

Indian paper currency notes are printed by the offset lithographic process from zinc plates on rotary machines. They are printed at the Currency Note Printing Press at Nasik, Bombay Presidency, and designs for the photographic plates from which they are lithographed are also prepared there. The paper used is of British manufacture (Portals, Ltd.) and is of pure linen and cotton-rag stock, animal sized. The inks used are ordinary offset lithographic inks of good quality, with pigments fast to light. They are of Indian manufacture. The chief protection in all notes is the relief portrait watermark of H. M. King George on the paper. Reliance is also placed on multiple printing in colors which are difficult to separate photographically. The design is varied as regards borders, corner pieces, etc., so as to force the forger to resort as much as possible to re-drawing. The general intention is to make it necessary for the forger to use several plates for the various colors which he will have to prepare with the maximum of drawing, without much help from photography. He then has to surmount the difficulty of making the plates fit. Rainbowing of one or more of the plates is also used, which adds labor but not great difficulty otherwise to the forger's task. It helps somewhat, however, in photographic detection.

An additional precaution against forgery is the withdrawal and replacement of the notes as soon as they come to the Government treasuries.

No actual record is available as to the circulation of metallic currency in India. The only estimates at hand are those concerning 1-rupee coins. On the basis of the number coined since 1835 minus the number melted, recoined, etc., the Hilton-Young Commission in 1926 estimated that the total number of 1-rupee pieces in existence, including the Government stock totaling 880,000,000 rupees, was approximately 3,250,000,000 rupees. Since 1923 no rupees have been coined. From the foregoing figures it appears that rupees in the hands of the public in 1926 totaled 2,370,000,000. According to customs statistics, net imports of rupee coins from April 1, 1925, to March 31, 1934, were 48,255,000. From April 1, 1926, to March 31, 1934, there was a net return from circulation of 737,600,000 rupees. On this basis the rupees in the hands of the public on April 1, 1934, totaled 1,680,655,000. On the same date rupees held by the Currency Department of the Government totaled 864,870,000.²

Silver rupees held by the Reserve Bank of India on June 14, 1935, totaled 505,650,000. On March 31, 1934, the gross circulation of paper money in India was 1,772,200,000 rupees. The average gross circulation during the fiscal year 1933-34 was 1,781,300,000 rupees. Notes in circulation on June 14, 1935, totaled 1,866,685,000 rupees. The value of each denomination in circulation on March 31, 1934, was as shown in the above table.

Gold coins are not currently issued, nor are they in circulation in India. From August 1918, when a branch of the Royal Mint was established at Bombay, to April 1919, when it was closed, there were coined in India 1,295,000 British sovereigns and 2,110,000 gold mohurs. (1 mohur equals 15 rupees and is, therefore, of exactly the same weight and size as the British sovereign.)

The Reserve Bank of India, which was established on April 1, 1935, is obligated to buy and sell sterling only, and, like the Government, it is under no obligation to buy or sell gold.

Foreign notes and coins do not circulate and are not legal tender, though there are no restrictions on the importation of either. Some

² There are available estimates of rupees in circulation during various years, based upon the "rupee census method." This method was described by G. Findlay Shirras in the Journal of the Royal Statistical Society of July 1920. An estimate made according to this method by C. S. Rangaswami, of Calcutta, in 1931 placed the total of rupees in circulation at 1,433,000,000.

of the native States have their own coins,³ which circulate only within the State that issues them. No estimate is available as to the amount of these currencies in circulation outside the States where they are legal tender. None of the native States has its own paper currency, British Indian notes being legal tender in all of them.

In Pondicherry (French India), only notes issued by the Banque de l'Indochine are legal tender. They are issued in denominations of 50 rupees, 10 rupees, and 1 rupee. In Portuguese India, notes of the Banco Nacional Ultramarino are in circulation. British Indian notes are accepted in both of these colonies.

NOTE-ISSUING AUTHORITY

The note-issuing authority is, since April 1, 1935, the Reserve Bank of India. By the passage of the Reserve Bank Act the following acts were repealed: The Indian Paper Currency Act, 1923 (X of 1923), the Indian Paper Currency (amendment) Act, 1923 (XXXVI of 1923), the Indian Paper Currency (amendment) Act, 1925 (II of 1925), and the Currency Act, 1927 (IV of 1927).⁴

Control of the Reserve Bank is vested in a central board of directors, consisting of a governor, 2 deputy governors, 12 directors, and 1 government official. The governor and the deputy governors are appointed by the Governor General in Council, who also nominates 4 of the 12 directors and the government official. Eight directors are elected on behalf of the bank's shareholders. The powers of the Governor General in Council to supersede the Central Board are outlined in section 30 of the Reserve Bank of India Act, 1934, which reads as follows:

If in the opinion of the Governor General in Council the bank fails to carry out any of the obligations imposed on it by or under this act, he may by notification in the Gazette of India declare the Central Board to be superseded, and thereafter the general superintendence and direction of the affairs of the bank shall be entrusted to such agency as the Governor General in Council may determine, and such agency may exercise the powers and do all acts and things which may be exercised or done by the Central Board under this act.

RESERVE REQUIREMENTS

The Reserve Bank of India Act provides that the assets of the Issue Department shall be as follows:

(1) The assets of the Issue Department shall consist of gold coin, gold bullion, sterling securities, rupee coin, and rupee securities to such aggregate amount as is not less than the total of the liabilities of the Issue Department as hereinafter defined.

(2) Of the total amount of the assets, not less than two-fifths shall consist of gold coin, gold bullion, or sterling securities: *Provided*, That the amount of gold coin and gold bullion shall not at any time be less than 40 crores (400,000,000) of rupees in value.

(3) The remainder of the assets shall be held in rupee coin, Government of India rupee securities of any maturity, and such bills of exchange and promissory notes payable in British India as are eligible for purchase by the bank under sub-clause (a) or subclause (b) of clause (2) of section 17, or under clause (1) of section 18: *Provided*, That the amount held in Government of India securities shall not at any time exceed one-fourth of the total amount of the assets or 50 crores (500,000,000) of rupees, whichever amount is greater, or, with the previous sanction of the Governor General in Council, such amount, plus a sum of 10 crores (100,000,000) of rupees.

³ This is true also of the Portuguese Colony of Goa.

⁴ A number of amendments to the Imperial Bank of India Act of 1920 were made by the Reserve Bank of India Act, 1934. These were listed in detail in the Reserve Bank inauguration number of Indian Finance, April 1935, vol. XV, no. 18.

(4) For the purpose of this section, gold coin and gold bullion shall be valued at 8.47512 grains of fine gold per rupee, rupee coin shall be valued at its face value, and securities shall be valued at the market rate for the time being obtaining.

(5) Of the gold coin and gold bullion held as assets, not less than seventeen-twentieths shall be held in British India, and all gold coin and gold bullion held as assets shall be held in the custody of the bank or its agencies: *Provided*, That gold belonging to the bank which is in any other bank or in any mint or treasury or in transit may be reckoned as part of the assets.

(6) For the purposes of this section, the sterling securities which may be held as part of the assets shall be securities of any of the following kinds payable in the currency of the United Kingdom, namely:

(a) Balances at the credit of the Issue Department with the Bank of England;
(b) Bills of exchange bearing two or more good signatures and drawn on and payable at any place in the United Kingdom and having a maturity not exceeding 90 days;

(c) Government securities of the United Kingdom maturing within 5 years: *Provided*, That for a period of 2 years from the date on which this chapter comes into force, any of such last-mentioned securities may be securities maturing after 5 years, and the Bank may, at any time before the expiry of that period, dispose of such securities notwithstanding anything contained in section 17.

The total note issue on June 14, 1935, was 1,866,685,000 rupees and the reserve on that date was stated as follows:

		Rupees
A. Gold coin and bullion:		
Held in India.....		415,519,000
Held outside India.....		28,698,000
Sterling securities.....		531,927,000
Total.....		976,144,000
B. Rupee coin.....		
Government of India rupee securities.....		505,650,000
Internal bills of exchange and other commercial paper.....		384,891,000
Total of assets.....		1,866,685,000
Ratio of total of A to liabilities ----- percent..		52.3

It will be noted that silver bullion is no longer included in the reserve.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The movement of gold and silver bullion into and out of India is unrestricted except in the following cases:

(1) The International Silver Agreement of 1933, entered into at London, limits sales of silver by the Government of India to 140,000,000 fine ounces during the 4 years commencing January 1, 1934.

(2) An import duty on silver was initiated in 1930 as a revenue measure. The Indian budget of that year included a duty of 4 annas an ounce, effective March 31, 1930. This was increased to 6 annas an ounce, effective March 1, 1931. A surcharge of 25 percent was made effective October 1, 1931, which raised the duty to 7½ annas an ounce from that date, and this remained effective until March 1, 1934, when it was reduced to 5 annas an ounce. In the budget for 1935-36 the rate was again reduced and since March 1, 1935, the rate has been 2 annas per ounce.

(3) Prohibition of imports of silver bullion by land into Burma from China was made effective on October 15, 1932.

(4) On October 15, 1932, the Government declared that silver bullion and silver sheets and plates imported from China by land into India would be assessed duty at the rate per ounce provided under schedule II, item 43-Bb of the tariff.

(5) The prohibition of the import of silver bullion and coin other than the current coin of the Government of India by land from Afghanistan into British India or into the Northwest Frontier Province and also from Persia into British India or into Baluchistan agency territories was made effective July 21, 1934.

Smuggling has existed since the imposition of the import duty in 1930. In 1935 a Bombay Bullion Exchange estimate placed smug-

gling at 11,000,000 ounces yearly. The latest official estimate of the amount smuggled into India is that for 1932, during which year, the Currency Office has stated, smuggling did not exceed 1,000,000 ounces. The interposition of the hindrances outlined above, together with the lowering of the import duty, has been successful in reducing import smuggling to an insignificant point, particularly as the rise in the world price of silver reduces still further the percentage of profit obtainable on successful import-smuggling operations.

GOLD

Gold reserves of the Issue Department of the Reserve Bank on June 14, 1935, were valued at 444,217,000 rupees. Published statements do not make any distinction between gold coin and gold bullion. Under the Reserve Bank Act gold coin and gold bullion are valued at 1 rupee per 8.47512 grains of fine gold.

The Reserve Bank is authorized to buy sterling at a rate not higher than 1s. 6½ per rupee and to sell sterling at not under 1s. 5¼ per rupee. Recent purchases (June 1935) by the Reserve Bank have been made at 1s. 6½. The bank is buying no gold bullion, and it is believed in India that such purchases will not be made in the near future.

Gold hoarding is known to be practiced to a large extent by the public, but no reliable estimates as to its extent are available. Exports of gold from India since September 21, 1931, when England suspended the gold standard, to June 15, 1935, have amounted to 2,297,371,299 rupees. This is believed to have come largely out of small hoards and to represent but a small fraction of the total gold so held.

THE GOLD CLAUSE

The gold clause is not used in domestic contracts in India. Domestic contracts are made in rupees. Rupees are pegged to the pound sterling at 1s. 6d. per rupee, and when England left the gold standard the rupee automatically came into the sterling bloc.

SILVER

The present attitude of the Government of India as regards silver is given in the budget speech of Sir James Grigg, Finance Member of the Government of India, on February 28, 1935. In commenting on the import duty on silver, Sir James said:

* * * We propose to reduce the duty to 2 annas an ounce. This action is dictated by no theory as to the place to be taken by silver in the monetary economy of the world nor has it any connection with the view sometimes expressed that India should be encouraged to build up her hoards of the metal. It is simply a matter of business. There is no doubt that at the present level the duty is encouraging smuggling; there is no doubt that this smuggling is extremely difficult to prevent; and there is no doubt that the honest trader is being injured by the illicit trade which is being carried on. At the lower level which we now propose, smuggling should become unprofitable and the honest trader will come into his own. I propose to assume that we shall get the same yield from the 2 annas as would have been obtained from the 5-anna duty, which is, I think, fully justified by the circumstances in which the reduction is taking place. The reduction will take place immediately by notification.

As regards the silver-redemption reserve of the Government of India, the Finance Member, in the same speech, said:

The reserve is required mainly to meet the liability imposed by section 36 of the Reserve Bank Act, under which the Government is under an obligation to

pay full value for surplus rupees which may be transferred by the bank up to a maximum of 5 crores a year. It was originally intended that the reserve should be gradually built up to a maximum of 10 crores (100,000,000) of rupees, which would be sufficient to meet a return of 25 crores (250,000,000) of rupees by the bank. Owing to the large remittance which it has been possible to make during the current financial year, the balances at the disposal of the Secretary of State will now be sufficient to enable the fund to be constituted with the full amount of 10 crores (100,000,000) of rupees, with effect from April 1, 1935.

Local opinion in June 1935 was unanimous that the Government of India would continue to sell silver at a price which is considered profitable and that the sales would be made up to the maximum permissible under the silver agreement. The quantity of silver that may be sold by the Government before the silver agreement expires at the end of December 1937 is variously estimated by local authorities at between 80 and 100 million ounces. Leading bullion brokers are of the opinion that the sales of silver by the Government of India will not depress the market, especially while it is dominated by a "bullish" feeling. On the whole, the Bombay market does not anticipate that the policy of the Government of India with regard to selling silver will be changed.

BRITISH MALAYA

The monetary unit is the Straits dollar (symbol \$ or, sometimes, S\$), divided into 100 cents. The par value of the Straits dollar is approximately \$0.9613, as it is linked to the pound sterling at 2s. 4d. The Straits dollar is employed not only in the Straits Settlements and the Malay States but also in Sarawak, Labuan, and Borneo.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Coins of British Malaya

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thick-ness (mm)	Amount out-stand- ing Mar. 31, 1935 (millions of Straits of dollars)
			Grams	Grains	Grams	Grains			
1 Straits dollars.....	Silver.....	10.900	20.2173	312.0000	18.1955	280.8000	34.0	2.4	3.1
1 Straits dollars.....	do.....	1.500	16.8480	260.0000	8.4240	130.0000	33.5	2.0	
50 cents.....	do.....	1.900	10.1086	156.0000	8.9811	140.4000	28.3	2.4	
20 cents.....	do.....	1.500	8.4240	130.0000	4.2120	65.0000	18.3	1.8	10.6
20 cents.....	do.....	1.800	5.4300	83.8100	4.3340	67.0480	23.1	1.4	
20 cents.....	do.....	1.600	5.4300	83.8100	3.1580	50.2860	23.5	1.4	
10 cents.....	do.....	1.400	5.4300	83.8100	2.6670	33.5240	23.0	1.4	
10 cents.....	do.....	1.800	2.7151	41.9000	2.6670	33.5240	17.9	1.1	
10 cents.....	do.....	1.600	2.7151	41.9000	1.6291	25.1400	18.0	1.5	
5 cents.....	do.....	1.400	2.7151	41.9000	1.0864	16.7600	17.8	1.5	
5 cents.....	do.....	1.800	1.3575	20.9500	1.0864	16.7600	15.5	1.0	
5 cents.....	do.....	1.600	1.3575	20.9500	.8145	12.5700	15.5	1.0	
5 cents.....	do.....	1.400	1.3575	20.9500	.5430	8.3900	15.5	1.0	
1 cent.....	Nickel.....		4.0000	61.7300			19.5	2.0	2.2
1 cent.....	Copper.....		9.3313	144.0000			25.4	2.0	
½ cent.....	do.....	.950	5.8320	89.9999			21 by 21	2.0	
½ cent.....	do.....		4.6650	71.8800			23.0	1.5	
¼ cent.....	do.....		2.3360	36.0000			18.0	1.1	
¼ cent.....	do.....		2.9160	45.0000			18 by 18	1.1	
Total.....									15.9

¹ Chief alloy is copper.

² A square 1-cent piece. Alloy: Copper, 0.950; tin, 0.040; and zinc, 0.010.

³ Square with rounded corners.

NOTE.—Silver dollars and half dollars are unlimited legal tender. Subsidiary silver and nickel coins are legal tender in amounts not exceeding \$2, and copper coins up to \$1.

Paper Currency of British Malaya

Denomination	Approximate dimensions	Amount outstanding May 31, 1935 (millions of Straits dollars)
10,000 Straits dollars.....	7 $\frac{1}{2}$ by 5 $\frac{1}{4}$ inches.....	3.50
1,000 Straits dollars.....	5 $\frac{1}{2}$ by 5 $\frac{1}{4}$ inches.....	5.30
100 Straits dollars.....	5 by 5 inches.....	2.63
50 Straits dollars.....	5 by 5 inches.....	1.21
10 Straits dollars.....	1 $\frac{1}{2}$ by 3 $\frac{1}{4}$ inches.....	33.33
5 Straits dollars.....	5 $\frac{1}{2}$ by 3 $\frac{1}{4}$ inches.....	14.92
1 Straits dollar.....	4 $\frac{1}{4}$ by 2 $\frac{1}{4}$ inches.....	14.45
25 cents.....	4 $\frac{1}{2}$ by 2 $\frac{1}{4}$ inches.....	.03
10 cents.....	4 $\frac{1}{4}$ by 2 $\frac{1}{4}$ inches.....	.69
Total.....		77.06

¹ This represents the dimensions of the present (May 31, 1935) issue.

NOTE.—Notes of denominations less than \$1 are legal tender to the amount of only \$2.

NOTE-ISSUING AUTHORITY

The only notes in British Malaya are those issued by the Treasury of the Straits Settlements. Formerly several banks had the right to issue notes with the permission of the Treasury, but practically all of their notes, it is understood, have now been called in.

RESERVE REQUIREMENTS

The reserves against the currency are composed of sterling balances and investments in London and of silver coins held by the currency commissioners. Should the value of these reserves fall below the total amount of notes in circulation, the Government is under statutory obligation forthwith to make good the deficiency from the public revenues.

The statute requires that the "liquid portion" of the reserve shall be not less than two-fifths and the proportion of silver coins, not less than one-tenth of the notes in circulation. The reserves on May 31, 1935, included 10,286,013 Straits dollars of current silver coins but no bullion.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There is no restriction on exportation or importation of gold and silver bullion, but the importation of certain silver coins is restricted. No smuggling is believed to exist.

GOLD

There is no hoarding of gold coin. Large amounts of leaf gold, however, are held by natives, chiefly for ornamental purposes. At the end of 1933 there was extensive trading in leaf gold, but natives have since turned in considerable amounts to be melted, and in July 1935 trading in leaf gold was almost at a standstill.

THE GOLD CLAUSE

The gold clause is not used in domestic contracts in British Malaya.

SILVER

There have been no new developments of any kind since Trade Promotion Series No. 149, the Monetary Use of Silver in 1933, was published.

The weight of silver in monetary use in British Malaya is estimated at 13,399,057 fine ounces, of which the Government held 5,221,882 and the banks and the general public, 8,177,175.

BULGARIA

The monetary unit is the lev (abbreviation l., plural leva), divided into 100 stotinki. Under a plan drawn up by the Financial Committee of the League of Nations for the stabilization of the Bulgarian currency, which was approved by the Bulgarian Parliament on November 22, 1928, the value of the lev was declared to be equal to $\frac{1}{10}$ of a gram of pure gold (or 0.010869+ gram or 0.167743+ grain). This gave the lev a value of about \$0.00722 in United States currency. For nearly 4 years the rate of exchange for the lev had been stabilized on a de facto basis at about that figure. With the revaluation of the dollar in 1934 the par value of the lev became approximately \$0.0122.

On October 15, 1931, all transactions in foreign exchange were placed under the control of the National Bank of Bulgaria. The currency is still protected by a rigid system of foreign exchange restrictions and import quotas, the great bulk of the country's foreign trade being done on a compensation basis.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables. Foreign currency may be freely imported, but none circulates in Bulgaria.

In November 1933 it was announced that pursuant to article 8 of the law of December 3, 1928, on Stabilization of the Lev and the Regulation of the Currency, all paper currency in denominations of 100 leva and less would be withdrawn from circulation by December 31, 1933. It was understood that notes of 200 leva, hitherto unused, had been printed for issuance as the smaller denominations were withdrawn. Notes of 5, 10, and 20 leva had been rare, but the 50- and 100-leva notes were still in common use. While recognized as legal tender only until December 31, 1933, it was announced that they would be accepted by the National Bank for exchange after that date, probably until January 15, 1937. As will be seen from the following statement, relatively small amounts of notes of 100-leva denominations and less were still outstanding on January 1, 1935.

For several years the National Bank has held in its vaults a stock of new bank notes of 200-, 250-, 500-, 1,000-, and 5,000-leva denominations, but the American consul at Sofia reported on July 16, 1935, that these notes had not been put into circulation, as it was found expedient to issue the new silver 20-, 50-, and 100-leva coins, 0.500 fine, of 1934, of which 400,000,000 leva were authorized.

The dimensions of the new notes are as follows:

	Millimeters
200 leva.....	153 by 86
250 leva.....	163 by 87
500 leva.....	173 by 89
1,000 leva.....	183 by 93
5,000 leva.....	200 by 105

The dimensions of the old notes which were in circulation in July 1935 are shown in the following table:

Paper Currency of Bulgaria

Denomination	Dimensions	Amount outstanding Jan. 1, 1935 (millions of leva)
5,000 leva.....	3½ by 7¼ inches.....	389
1,000 leva.....	3¼ by 7¼ inches.....	1,146
500 leva.....	3½ by 6¾ inches.....	845
100 leva.....	3½ by 6½ inches.....	29
50 leva.....	3½ by 5¾ inches.....	17
20 leva.....	2¾ by 6½ inches.....	10
10 leva.....	2¾ by 4¾ inches.....	5
5 leva.....	2¾ by 4¾ inches.....	8

Coins.—With the introduction in 1925 of nickel-copper coins (0.250 nickel) in denominations of 1 and 2 leva, and of 5 and 10 leva in 1931, and with the minting of 20-, 50-, and 100-leva silver coins (0.500 fine) in 1934, the coinage system of Bulgaria, has apparently been greatly simplified. The aluminum coins of 1 and 2 leva which were put into circulation in 1923 have apparently been withdrawn, as have also the pre-war solid nickel coins of 10 and 20 stotinki and the pre-war copper coins of 1, 2, 5, and 10 stotinki. The National Bank reported that as of May 1, 1935, it held about 28,000,000 leva of copper, nickel-copper, and nickel coins of denominations of 20 stotinki or less.

The following table contains a description of the coins now in circulation:

Coins of Bulgaria

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter ¹ (mm)	Amount outstanding, May 1, 1935 (millions of leva)
			Grams	Grains	Grams	Grains		
100 leva.....	Silver.....	0.500	20.0	308.640	10.0	154.320	34	150
50 leva.....	do.....	0.500	10.0	154.320	5.0	77.160	27	404
20 leva.....	do.....	0.500	4.0	61.728	2.0	38.864	21	168
10 leva.....	Nickel.....	0.250	10.0	154.320	.....	.....	30	75
5 leva.....	do.....	0.250	8.0	123.456	.....	.....	26	47
2 leva.....	do.....	0.250	5.0	77.160	.....	.....	23	41
1 lev.....	do.....	0.250	3.0	46.296	.....	.....	20	37
Total.....	.....	.....	.....	.....	.....	.....	.....	922

¹ Data on thickness not available.

² Alloy: 0.400 copper, 0.050 nickel, and 0.050 zinc.

³ Alloy: 0.750 copper.

NOTE-ISSUING AUTHORITY

Only the National Bank is authorized to issue bank notes. The Government has, both by law and in actual practice, a controlling voice in the affairs of the bank.

RESERVE REQUIREMENTS

With the reorganization of the National Bank in 1927 (1928), its statutes were amended in several important particulars. One amendment provided that the bank should maintain a reserve in gold and

foreign exchange equivalent to at least 33½ percent of the notes in circulation and other demand liabilities. In September 1934 the Financial Committee of the League of Nations approved a proposal of the Government to reduce the reserve ratio of the bank from 33½ percent to 25 percent. This proposal was not given legal effect until the publication of a decree in the Official Gazette of January 13, 1936.

At the end of 1935 the note circulation amounted to 2,235,000,000 leva and the other sight liabilities of the bank amounted to 2,163,000,000 leva, while the gold reserves of the bank totaled 1,590,000,000, offset by 119,000,000 leva of liabilities in gold exchange.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Gold transactions within the Kingdom are allowed without restrictions, but commercial gold and silver transactions with foreign countries are prohibited by the law of January 3, 1919, published in the Official Gazette No. 297 of the same date. There has been some smuggling of bullion, but such operations appear not to have been extensive.

Ordinance no. 18, published in the Official Gazette No. 283 of March 18, 1933, was amended on July 5, 1933, to read as follows: "Only the National Bank of Bulgaria is authorized to buy and sell foreign silver, nickel, copper, and other coins of subsidiary currencies. The exportation of such coins, as well as of raw silver and articles made of silver, may be permitted only by license to be issued by the National Bank prior to such exportation."

GOLD

The gold reserves of the National Bank as of December 31, 1935, amounted to 1,590,000,000 leva.

Gold is hoarded by the public, but it is impossible to estimate the amount. Hoarding is not a recent phenomenon, and much of such gold is in the form of old Turkish, Austro-Hungarian, French, and English coins.

THE GOLD CLAUSE

The gold clause is frequently included in domestic contracts. For satisfaction of claims, however, paper leva must now be used at the rate of exchange fixed by the National Bank. This situation is due to the law restricting transactions in foreign exchange. Many "gold clause" contracts are in terms of Swiss francs, with a stipulated rate of exchange, the Swiss franc being considered equivalent to the gold lev. There is some uncertainty as to what would be the policy of the National Bank in determining the amount of leva to be paid in the event of a depreciation of the Swiss franc. Presumably the calculation of about 27 paper leva as equivalent to 1 gold lev would still be used.

SILVER

It has not been possible to assemble data showing separately the weight of monetary silver held by the general public, the banks, and the Government. (See Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.)

CANADA

The monetary unit is the Canadian dollar, divided into 100 cents. The Canadian dollar has a par value of \$1.6931 in terms of United States currency.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying tables describe the metal and paper currency of Canada in the early months of 1935. The weight and dimensions of the coins are those established in The Currency Act, 1910. Legal tender limits are as follows: Silver coin, \$10; nickel coin, \$5; bronze coin, \$0.25. There is no restriction on the importation of foreign currency, and in normal times a certain amount of United States currency is in circulation.

The Department of Finance formerly issued a statement of circulation of Dominion notes by denominations. The Bank of Canada, which took over the note issue as of March 11, 1935, has not issued regularly any statement of circulation in this detail.

On July 12, 1935, Assistant Trade Commissioner Avery F. Peterson, Ottawa, made the following report:

Up to the end of June, 284,000 of the new silver dollars, minted in commemoration of the Silver Jubilee, had been issued, but the demand in Canada for the new coins continued unabated.

In connection with coinage, it was recently mentioned in the House of Commons that the Canadian 5-cent piece was unattractive and that it was hoped a more artistic design could be provided in the future.

There are two 1-cent pieces in circulation; the most recent one is the same size as the United States cent, but the older issue is larger than the 25-cent piece. There are also two sizes of 5-cent coins; one is a diminutive silver piece, which is a cause of annoyance because of its size and because it is easily bent.

Coins of Canada, Feb. 28, 1935

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter (mm)	Thickness (mm)	Amount outstanding Feb. 28, 1935 (thousands of dollars)
			Grams	Grains	Grams	Grains			
10 dollars ¹	Gold ²	0.900	16.7181	258.00	15.0463	232.20	26.92	1.73	2,705
5 dollars ¹	do. ²	.900	8.3591	129.00	7.5232	116.10	21.59	1.35	
1 dollar ¹	Silver ³	.800	23.3276	360.00	18.6621	288.00	35.56	2.38	2,571
50 cents ¹	do. ³	.800	11.6638	180.00	9.3310	144.00	29.72	1.63	
25 cents ¹	do. ³	.800	5.8319	90.00	4.6655	72.00	23.62	1.30	11,033
20 cents ¹	do. ³	.925	4.6500				22.23		
10 cents ¹	do. ³	.800	2.3328	36.00	1.8662	28.80	17.91	.89	9
5 cents ¹	do. ³	.800	1.1664	18.00	.9331	14.40	15.49	.58	
5 cents	Nickel	1.000	4.5359	70.00			21.21	1.42	2,309
1 cent	Copper ⁴	.955	3.2399	50.00			19.05	1.26	
1 cent	do. ⁴	.955	5.6700				25.40	1.22	2,727
Total									
									34,741

¹ The alloy is copper.

² The Currency Act provides for \$20 and \$2.50 gold pieces, but none have so far been minted.

³ Until 1920 Canadian silver coins were minted with the former British standard fineness of 0.925, but they have since been minted 0.800 fine.

⁴ Alloyed with tin (0.030) and zinc (0.015).

Note Circulation, the Liability of the Bank of Canada on Apr. 30, 1935, by Denominations¹

Denomination	Dimensions	Circulation (thousands of dollars)
\$1	6 by 2 3/4 inches	20,963
\$2	6 by 2 3/4 inches	14,138
\$5	6 by 2 3/4 inches	30
\$10	6 by 2 3/4 inches	12,591
\$20	6 by 2 3/4 inches	10,519
\$25	6 by 2 3/4 inches	2,448
\$50	6 by 2 3/4 inches	17
\$100	6 by 2 3/4 inches	778
\$500	6 by 2 3/4 inches	844
\$1,000	6 by 2 3/4 inches	1,543
Provincial notes		13,093
Fractional notes		28
Notes for banks' use: ²		1,282
\$1,000	4 1/2 by 7 3/4 inches	1
\$5,000	4 1/2 by 7 3/4 inches	2,970
\$50,000	4 1/2 by 7 3/4 inches	6,350

¹ Including Dominion of Canada and provincial notes, liability for which has been assumed by Bank of Canada.

² These are being rapidly retired.

Circulation of Notes of Bank of Canada and the 10 Chartered Banks, Mar. 30, 1935¹

Issuing authority	Dimensions	Circulation (millions of dollars)
Bank of Canada	6 by 2 3/4 inches ²	96.3
Chartered banks:		
Bank of Montreal	6 by 2 3/4 inches ²	27.6
Bank of Nova Scotia	6 by 2 3/4 inches ²	11.0
Bank of Toronto	6 by 2 3/4 inches ²	5.5
Banque Provinciale du Canada	6 by 2 3/4 inches ²	3.5
Canadian Bank of Commerce	6 by 2 3/4 inches ²	25.4
Royal Bank of Canada	6 by 2 3/4 inches ²	31.2
Dominion Bank	6 by 2 3/4 inches ²	6.6
Banque Canadienne Nationale	6 by 2 3/4 inches ²	6.7
Imperial Bank of Canada	6 by 2 3/4 inches ²	6.8
Barclays Bank (Canada)	6 by 2 3/4 inches ²	.3
Total, all banks		221.0

¹ For provincial and fractional notes, etc., see preceding table.

² The dimensions of Dominion and chartered bank notes formerly were 7 by 3 1/2 inches; these are being replaced rapidly by notes of the new size, 6 by 2 3/4 inches.

³ Includes Dominion notes—formerly issued by the Department of Finance—responsibility for which has been transferred to the Bank of Canada. These are being retired.

⁴ The discrepancy of \$100,000 in the summation is due to abbreviation of the items.

NOTE.—The bank notes are engraved at Ottawa on paper of linen (75 percent) and cotton (25 percent). In order to prevent counterfeiting, small planchettes are printed on the paper of most of the notes when it is being made.

NOTE-ISSUING AUTHORITY

Notes are issued by the Bank of Canada (Central Bank of the Dominion) and the 10 chartered banks. The note circulation of these banks as of March 1935 was as shown in the preceding table. The Bank of Canada Act, June 28, 1934, provides, however, that after the establishment of the Bank of Canada the maximum note circulation of the chartered banks should be not greater than their paid-up capital, and that it should be reduced by 5 percent each year, beginning January 1, 1936, for a period of 5 years; and then by 10 percent annually for a further period of 5 years until the limit of 25

percent of the paid-in capital is reached. It is believed in official circles that the privilege will be eventually withdrawn entirely.

The following excerpts from the Statutes of Canada comprise the authority for note issue:

THE BANK OF CANADA ACT, 1934

Section 24 (1). On and after the day on which the bank is authorized to commence business (March 11, 1935) the bank shall, except as provided in the bank act, have the sole right to issue notes payable to bearer on demand and intended for circulation in Canada and may, subject to section 26 of this act,⁵ issue such notes to any amount. Such notes shall be legal tender, and shall be the first charge upon the assets of the bank.

THE BANK ACT, 1934 (CONTROLLING CHARTERED-BANK NOTE ISSUE)

Section 60. (1) The bank (a chartered bank) may issue notes payable to bearer on demand and intended for circulation: *Provided, That—*

(a) The bank shall not, during any period of suspension of payment of its liabilities, issue or reissue any of its notes; and

(b) If, after any such suspension, the bank resumes business without the consent in writing of the curator, hereinafter provided for, it shall not issue or reissue any of its notes until authorized by the Treasury Board so to do.

(2) No such note shall be for a sum less than \$5, or for any sum which is not a multiple of \$5.

Subsections (3) to (18) of section 60 of the bank act repealed.⁶
Section 61 (1): Subsections 3 to 18, both inclusive, of the next preceding section shall be repealed on and from the day on which the Bank of Canada is authorized to commence business (Mar. 11, 1935).

(2) Notwithstanding anything contained in the next preceding section, on and after the day on which the Bank of Canada is authorized to commence business, the maximum amount of notes of a bank in circulation at any time shall not exceed the amount of the unimpaired paid-up capital of the bank on the said day on which the Bank of Canada is authorized to commence business, and on the first day of January in each year for a period of 5 years commencing on the first day of January 1936 the said maximum shall be reduced by 5 percent, and on the first day of January in each year for a period of 5 years commencing on the first day of January 1941 the said maximum shall be reduced by 10 percent and thereafter until Parliament further enacts, the amount of notes of a bank in circulation shall not exceed 25 percent of the amount of the unimpaired paid-up capital of the bank. In the event of any reduction or impairment of the paid-up capital, the maximum amount of notes of the bank which may be in circulation shall be reduced to the amount which would have been authorized if the reduction or impairment aforesaid had occurred on the day on which the Bank of Canada was authorized to commence business.

GOVERNMENT CONTROL OF CENTRAL BANK POLICIES

While the Bank of Canada is a privately owned institution, one of its objects—to give expert and impartial advice to the Government of the day—naturally involves a certain element of reciprocal advice from the Government. The Deputy Minister of Finance holds a "watching" seat on the executive committee of the Central Bank. However, when the Bank of Canada Act was given first reading in Parliament, the Minister of Finance expressed this opinion:

In case of a conflict of opinion regarding control of credit in Canada between the Government of the day and the directorate of the central bank, the authority of the Governor and the board of directors of the bank would unquestionably prevail over that of the Government.

⁵ For sec. 26, see Reserve Requirements, discussed below.

⁶ The repeal of subssecs. 3 to 18 of sec. 60 of the bank act is explained as follows: The 1934 Parliament undertook two primary pieces of financial legislation—(1) A revision of the bank act, and (2) the formation of statutory authority for a central bank. Since the authority of chartered banks to issue notes was to be limited as soon as the central bank began to function, there was provided in subssecs. 3 to 18 of the bank act the conditions under which chartered banks should issue notes during the interim period. When the central bank began to function (Mar. 11, 1935), new provisions regarding chartered bank note issue came into effect automatically. These provide a smaller maximum, and a sliding-scale reduction of chartered-bank note circulation. Subsecs. 3 to 18, which were repealed, are contained in the bank act, as revised 1934.

When the Bank of Canada measure was introduced in Parliament, the policy of the party then in power was favorable to a privately owned Central Bank, properly safeguarded by statutory limitations, and this view prevailed in spite of opposition favorable to more direct Government control of operations of the Bank of Canada.

RESERVE REQUIREMENTS

Bank of Canada notes.—The Bank of Canada Act, 1934, provides that the Central Bank shall maintain a reserve against notes and deposit liabilities of 25 percent gold coin and bullion plus silver bullion and foreign exchange. On this point the statutes read as follows:

RESERVES

Section 26. (1) The bank shall always maintain a reserve, as hereinafter provided, as security against its outstanding notes and deposit liabilities.

(2) The reserve required by this section to be maintained shall consist of gold coin and bullion in the unrestricted ownership of the bank equal to an amount not less than 25 percent of the notes and deposit liabilities aforesaid; and may in addition include—

(a) Silver bullion received from the Minister under the next preceding section or purchased under the authority of subsection 4 hereof, valued at the market price of the fine silver content thereof; and

(b) Foreign exchange, which shall mean (i) balances with the Bank of England, the Bank for International Settlements, the Federal Reserve Bank of New York, and a central bank in any country whose currency by law and in fact is convertible on demand at a fixed price into exportable gold; (ii) Treasury bills or other obligations of the United Kingdom or the United States of America having a maturity not exceeding 3 months from the date of acquisition by the bank; (iii) bills of exchange having a maturity not exceeding 90 days, excluding days of grace, or not exceeding 90 days after sight, excluding days of grace from the date of acquisition by the bank payable in London or New York or in a country whose currency by law and in fact is convertible on demand at a fixed price into exportable gold, less any liabilities of the bank payable in the currency of the United Kingdom, the United States of America, or any country, whose currency is by law and in fact convertible on demand at a fixed price into exportable gold.

(3) At the request in writing of the board, the Governor in Council may suspend the operation of this section insofar as it requires the bank to maintain a reserve of gold equal to an amount not less than 25 percent of its notes and deposit liabilities. Such suspension shall be for such period not exceeding 60 days as may be specified by the Governor in Council, but on the further request in writing of the board may be extended from time to time for further periods not exceeding 60 days each; *provided, however*, That no such suspension shall continue for a period longer than 1 year without the sanction of Parliament.

(4) The bank shall during the years 1935, 1936, and 1937 purchase and hold newly mined Canadian silver as and when required so to do by the Minister, but the bank shall never be required to purchase more than 1,671,802 fine ounces in any year.

Chartered Bank Notes.—The unimpaired paid-up capital of the chartered banks provides a primary reserve against chartered-bank-note issues. In addition, under the Bank of Canada Act, every chartered bank is required to maintain with the Central Bank a reserve of not less than 5 percent of its deposit liabilities.

Holdings of Silver in Currency Reserve.—The statement of the Bank of Canada as of March 30, 1935, valued its holdings of silver bullion at \$1,035,514.16. This includes purchases made by the Department of Finance under the London Silver Agreement and any other accessions which the Bank of Canada has made in accordance with its responsibility to continue purchases under that agreement. The bank did not state the weight of the silver bullion which it holds.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Under section 4 of the Unemployment and Farm Relief Act, 1931, an order in council was passed October 19, 1931, to bring all exports of gold from Canada under the supervision of the Government. The order in council provided that no gold coin or bullion or fine-gold bars could be exported except under authority of a license issued by the Minister of Finance. Such licenses were to be granted only to chartered banks. Penalties were provided for infractions. The control was taken under a "peace, order, and good government" authority which expired March 1, 1932.⁷

On April 4, 1932 the Unemployment and Farm Relief Continuation Act provided: "Notwithstanding the expiration of the Unemployment and Farm Relief Act, 1931, the provisions . . . orders in council and regulations . . . shall not be deemed to have expired . . . but to have continued in full force . . . until the 1st day of May 1932. . . ."

On May 13, 1932, an act entitled the "Gold Export Act" became law. This gave the Governor in Council power to prohibit exportation and make regulations. An order of May 17, made effective to December 31, 1932, extended the effect of the original export control by license.

In January 1933 the order under the Gold Export Act was extended to December 31, 1933. Subsequently extension was made to December 31, 1934, and to December 31, 1935.

In April 1935 Parliament amended the Gold Export Act to include the Bank of Canada as an organization which might be licensed by the Minister of Finance to export gold.

Export smuggling of gold is reliably understood to be of no great consequence in Canada. Gold is difficult to obtain, and mining associations are on the lookout for illegal export of raw gold as a deterrent to "high-grading" among mine workers.⁸

There are no special laws respecting movements of silver into and out of Canada.

GOLD

The stock of gold in Canada as of March 1935 was as follows, the valuation in these figures being at \$20.67 + per fine ounce troy:⁹

Held by—	Amount
Bank of Canada, Mar. 30, 1935.....	\$106, 586, 145. 90
Chartered banks' holdings in Canada, Mar. 30, 1935.....	352, 693. 00
Department of Finance, Mar. 30, 1935, reserve against savings-bank deposits, including gold in excess of statutory requirements.....	2, 443, 223. 80
Total (5,291,827 ounces).....	109, 382, 062. 70

⁹ In addition, the "standard value" of gold held abroad was \$4,055,330.

⁷ The Commercial and Financial Chronicle of Mar. 12, 1932, quoted the Montreal Gazette of Mar. 7 as follows:

"The order in council of last October, prohibiting the exportation of gold from Canada, except under license, expired last Tuesday without much comment. Technically, Canada is once more on a free gold basis, but actually the situation remains unchanged, as the discount of more than 10 percent on the Canadian dollar bears witness. In this market there was some mystification as to why the order in council was ever resorted to. Before it went into effect Canada had long since given up the free export of gold, effective means being found in one way or another to prevent advantage being taken of the discount in the exchange. Now that the order has expired, the Finance Ministry continues to exercise surveillance over gold movements, and no exports may be made except upon express permission."

⁸ "High-grading" means the secretion on the persons of mine workers of small pieces of high-grade ore. On June 13 a bill was presented before Parliament providing that all gold held as reserve by the Bank of Canada should be valued by the bank at the current market price. This has become law.

At present practically all purchases of gold by the Government result from Canadian mining operations. The Government holds a buying monopoly and returns to the producers the market value of gold received, less gold tax, if any. The Central Bank is the marketing agency and bullion is rapidly forwarded and sold in the highest world markets—chiefly in the United States, but occasionally in the United Kingdom when exchange factors make sales in that market desirable. In effect, the Government and the Central Bank act as brokers and forwarding agents in buying and selling newly mined gold. Accordingly no gold is being bought for the account of either the Government or the Central Bank.

No appreciable amount of gold hoarding has been noted. In fact, with the present market premium on gold, considerable melting down of jewelry and the like has taken place. Such gold is bought by the mint. No estimates of public gold holdings are available, but they are said to be unimportant.

THE GOLD CLAUSE

The exact legal status of the gold clause in domestic contracts in Canada is somewhat difficult to define briefly. It may be said that the gold clause is inoperative for three reasons:

- (1) The embargo on the exportation of gold.
- (2) The suspension of gold redemption of legal-tender Dominion notes and Bank of Canada notes.
- (3) The Currency Act states: "It shall not be lawful for any person except under the provisions of a license granted by the Minister of Finance to melt down, break up, or use otherwise than as currency any gold coin which is for the time being current and legal tender in Canada."

There has been no supreme court decision on the gold clause in domestic contracts and the following comments are based upon lower-court actions only.¹⁰

The decision of the Court of Appeal in Ontario in the case of *American Chiclé Company v. Somerville Paper Box Company, Ltd.* (1931), 50 O. L. R. 517, is of special interest in view of the restrictive measures now in force in Canada involving the withdrawal of gold from circulation. The decision in this case involved the payment of a mortgage, in respect of mortgaged premises situated in London, which contained a gold payment clause as follows:

"Provided this mortgage be void on payment in current gold at the option of the mortgagees of \$_____ dollars of lawful money of Canada with interest thereon as follows:"

Hodgins, J. A., in delivering the opinion of the court of appeal, held that the mortgage could be satisfied by payment in legal-tender Dominion notes. In giving reasons for the judgment in this case, the justice said:

"I would therefore hold that both by presumed intention of the parties and by force of the Currency Act, the right of the mortgagee is limited to requiring payment in gold coins made in Canada for currency purposes; that the defendants are, while the Finance Act, 1914, and the proclamations under it remain in force, unable to procure such gold coins and that their contract to pay it is suspended while that state of affairs exists."

In the case of bonded indebtedness in Canada, of which a large part is payable in funds other than Canadian, important questions have arisen regarding the liability of the debtor when exchange values of foreign currencies are different from those prevailing at the time the obligations were created. In the case of *La Corporation des Obligations Municipales v. Ville de Montreal Nord*, 61 D. L. R.

¹⁰ A treatise, *Contracts Payable in Gold Coin—Government Intervention—Gold Standard—Revaluation of Gold—Legislative Authority of Dominion Parliament Re Legal Tender and Currency and Coinage*, has been prepared by H. A. W. Plaxton, 1207 Canada Permanent Building, Bay St., Toronto. Cases here quoted are from that study.

(1921), it was decided that where interest coupons of a Canadian corporation are made payable in the United States and the character of the money in which payment is to be made is not specified, the holder of such coupons, being a Canadian corporation, is entitled to be paid in United States currency; and where payment in United States currency has been refused, the holder is entitled in an action in the Province of Quebec to judgment for an amount in Canadian currency equal to what it would have received in United States currency if payment had been made in the United States when it was due.

In Canada a gold coin of \$20 face value is legal tender for only \$20 and, if taken to a bank for conversion into paper currency, yields only \$20 in bank notes.

The Bank of Canada Act provides in section 25 that:

- (1) The bank shall sell gold to any person who makes demand therefor at the head office of the bank and tenders the purchase price in legal tender, but only in the form of bars containing approximately 400 ounces of fine gold.
- (2) The Governor in Council, from time to time and for such period as he may deem desirable, may suspend the operation of the next preceding subsection and remove such suspension.

SILVER

Aside from the measures passed by Parliament to give effect to the London Silver Agreement, the information given on page 35 of Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, still accurately describes the legal status of silver as currency in Canada.

The London Silver Agreement became law on February 26, 1934, when the House of Commons passed a resolution supporting the commitments made by the Canadian delegates. Following this resolution, the Dominion Notes Act was amended to require that Canada purchase 1,671,802 fine ounces of newly mined Canadian silver in each of the calendar years 1934-37, inclusive. Under the Bank of Canada Act, the Central Bank is required to make the actual purchases of the specified amount of silver. The act provides that the "bank shall never be required to purchase more than 1,671,802 fine ounces in any year."

While the liability for and the administration of the Dominion note issue have been transferred from the Department of Finance to the Bank of Canada, the Department of Finance is still responsible for the issuance of subsidiary coin. With respect to the latter, the Bank of Canada acts merely as agent for the Department of Finance. Holdings of subsidiary coin of the Royal Mint, an institution still under jurisdiction of the Department of Finance, have greatly diminished. "Subsidiary coin" appears on the Bank of Canada statement of assets as approximately \$300,000.

No official or private statement of the weight of fine silver in monetary use is at present available. Subsidiary coin outstanding is reported to be distributed as follows:

The general public.....	\$25, 122, 382. 53
The chartered banks.....	6, 607, 086. 00
The Bank of Canada.....	304, 489. 00
The Government.....	1 2, 500. 00
Total.....	32, 036, 457. 53

¹ Approximate.

CEYLON

The monetary unit is the rupee (abbreviation r., plural rupees), divided into 100 cents. The rupee has a par value of approximately \$0.6180.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Under the Ceylon Paper Currency Ordinance of 1884, section 6, as amended by ordinance no. 13 of 1901, the holders of Ceylon currency notes are entitled to obtain in exchange for them either Indian silver rupees or legal-tender gold coins. Gold coin is not, however, available in Ceylon at present.

Currency notes and Indian silver rupees are legal tender in Ceylon for payments in any amount. The Ceylon 50-cent, 25-cent, and 10-cent pieces and the Indian one-half rupee and one-quarter rupee are legal tender in amounts of 5 rupees. The 5-cent, 1-cent, and ½-cent pieces are legal tender in amounts of one-half rupee.

The Indian rupee, one-half rupee, and one-quarter rupee are permitted to circulate, but few of them are seen in actual circulation. There are no old issues of Ceylon coins or notes outstanding.

Foreign notes and subsidiary coins may be imported.

Paper Currency of Ceylon ¹

Denomination (rupees)	Dimensions	Amount outstanding June 30, 1935 (millions of rupees)
	<i>Inches</i>	
1,000.....	8 by 6.....	7.5
500.....	9 by 6.....	.1
100.....	8¾ by 5¾.....	1.9
50.....	6½ by 4½.....	2.3
10.....	6 by 4.....	15.1
5.....	5½ by 3½.....	9.8
2.....	5 by 3.....	3.4
1.....	4½ by 2½.....	4.0
Total.....		44.1

¹ The Ceylon paper currency is engraved and is manufactured in England to the order of the Ceylon Government.

Coins of Ceylon ¹

Denomination (cents)	Metal of chief value	Fine-ness	Gross weight		Silver content		Diameter (inches)	Thickness (inches)	Amount outstanding June 30, 1935 (millions of rupees)
			Grams	Grains	Grams	Grains			
50.....	Silver.....	0.550	5.8319	90.0000	3.2075	49.50	0.93	0.06	4.4
25.....	do.....	.550	2.9160	45.0000	1.6038	24.75	.70	.05	2.5
10.....	do.....	.550	1.6664	18.0000	.6415	9.90	.61	.02	2.8
5.....	Nickel.....		3.8879	60.0000			.72	.06	.7
1.....	Copper.....		4.7249	72.9160			.88	.05	1.1
½.....	do.....		2.3625	36.4580			.70	.04	.4
Total.....									11.9

¹ The rupee coins in use are the British Indian.

² Not in general circulation.

NOTE-ISSUING AUTHORITY

The only note-issuing authority in Ceylon is the Government. There is no central bank in Ceylon.

RESERVE REQUIREMENTS

The currency ordinance originally required that the note circulation should be covered by a reserve of silver rupees (the rupee of British India is the standard coin of the island) amounting to at least one-third but not more than one-half of the value of the notes in circulation, the remainder being covered by British and Colonial Government securities. Subsequent legislation, however, removed the lower limit of the silver reserve, and on June 30, 1935, it stood at 13,936,013 rupees, or 31.59 percent of the note circulation. Investments covering the remainder of the note issue stood at 36,012,375 rupees, cost price, or 41,476,711 rupees at latest available market rates. No part of the silver reserve is held in the form of bullion.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There is no restriction on imports or exports of bullion or coin. It is not believed that smuggling exists to any appreciable degree.

GOLD

No gold reserves are held in Ceylon, and no gold is being purchased by the Government. It is believed that gold is not hoarded by the public, although a certain quantity of gold is converted into ornaments. It is impossible to estimate the quantity of gold that has been so converted, but there is a small amount in nearly every family.

THE GOLD CLAUSE

Gold is not legal tender in Ceylon; therefore the question of a gold clause in contracts does not arise.

SILVER

The amount of silver currency in circulation on June 30, 1935, amounted to 9,723,961 rupees. The Indian rupee is the standard coin used in Ceylon, its fine silver content being 165 grains.

CHILE

The monetary unit is the peso (symbol \$), which is divided into 100 centavos. The peso contains 0.183057 grams of fine gold and has a par value of \$0.2061 in terms of United States currency. This unit is referred to in Chile as the peso of sixpence gold. For practical purposes, however, the value of the peso in exchange has been lowered, in accordance with the provisions of law no. 5107 of April 19, 1932, which authorized the Central Bank to fix international exchange rates in accordance with the latest transactions handled by it. Immediately after the promulgation of this law the official rates of exchange for the peso were set on the basis of threepence gold and were maintained at that level until January 2, 1935, when the basis was changed to one and one-half pence gold, or \$0.0516 in United States currency.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the following tables:

Paper Currency of Chile¹

Denomination (pesos)	Dimensions	Amount outstanding on May 31, 1935 (millions of pesos)
10,000 ¹	205 by 105 mm.	20.3
5,000	205 by 105 mm.	21.9
1,000	179 by 86 mm.	47.0
500	177 by 85 mm.	59.9
100	145 by 70 mm.	153.8
50	145 by 70 mm.	99.1
10	145 by 70 mm.	97.4
5	145 by 70 mm.	36.8
1 ²	145 by 70 mm.	.9
Total		536.2

¹ Engraved and printed by the Government Printing Office on paper of 75 percent linen and 25 percent cotton bearing a uniform watermark which consists of three wavy lines forming a frame, and in the left-hand corner of each note the figures 5, 10, 50, etc., appear inside a large star which is surrounded by 5 small stars. In the center of frame is a watermark inscription "Banco Central de Chile."

² Probably all lost or destroyed.

Coins of Chile

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter (mm) ¹	Amount outstanding on Dec. 31, 1934 (millions of pesos)
			Grams	Grains	Grams	Grains		
100 pesos	Gold	0.900	20.3397	313.8006	18.3057	282.5015	31.0	68.76
50 pesos	do.	.900	10.1698	156.9408	9.1528	141.2467	24.5	6.30
20 pesos	do.	.900	4.0680	62.7774	3.2544	56.4997	18.5	1.70
1 peso ¹	Silver	.400	6.0000	92.5920	2.4000	37.0365	25.0	1.90
1 peso	Nickel ²	.250	10.0000	154.3200			29.0	30.00
20 centavos	do. ¹	.250	4.5000	69.4440			22.5	12.50
10 centavos	do. ¹	.250	3.0000	46.2960			19.5	2.60
5 centavos	do. ²	.250	2.0000	30.8640			16.5	1.00
Total								124.76

¹ Data on thickness not available.

² Probably nearly all melted down.

³ 25 percent nickel; 75 percent copper.

NOTE.—The legal-tender limit of the silver and nickel coins is 50 pesos.

NOTE-ISSUING AUTHORITY

The Central Bank of Chile (Banco Central de Chile) is the sole note-issuing authority.

The Government has definite control, both by law and in practice, over the policies of the Central Bank. Through the operation of law no. 5107 of April 19, 1932, which established exchange control in Chile, the Government practically dictates all Central Bank policies. During this period the bank has displayed relatively little independence.

RESERVE REQUIREMENTS

On August 16, 1935, the gold reserve amounted to 142,154,353.78 gold pesos. Of this amount, 141,837,294.28 was held in the country and 317,059.50 abroad. Silver is not held as reserve.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

No foreign exchange or claim on foreign exchange may leave the country without fulfilling the provisions of law no. 5107, aforementioned. Gold or silver may be exported only by the Central Bank, but ores bearing these metals may be exported by others who have obtained proper permit.

GOLD

Gold is purchased by the Government through its offices in charge of gold placer mining. Gold from mines and plants is received by the mint freely, but gold from placer mining cannot be sold or taken to the mint by other than Government officers.

Gold bars are melted at the mint and exchanged for gold coins of equal gold value. The Central Bank now pays a premium of 300 percent on gold coins; in other words, 400 paper pesos are paid for 100 gold pesos. Brokers and money changers pay 500 paper pesos for 100 gold pesos.

Gold in hoardings and in transit is estimated at 1,400,000 paper dollars United States money.

THE GOLD CLAUSE

Although the gold clause appears in many contracts, it is the general belief that such contracts would not be upheld by the courts. Although no decisions have been handed down, the Government itself has refused to allow the public utilities companies to collect their charges on a gold basis.

SILVER

Silver is no longer used in currency. The 1,900,000 pesos of 1-peso coins in circulation on December 31, 1934, had apparently been melted down by October 1935.

CHINA

The monetary unit of the National Government is the yuan (symbol \$). It is divided into 100 fen (cents), and has a gross weight of 26.2971 grams and a fineness of 0.880. Since it is a silver coin, the yuan has no fixed value in terms of gold. Until October 15, 1934, China was on the silver standard, but the measures taken on that date have prevented the exchange value of the currency from following closely changes in the value of silver. By an official decree of November 4, 1935, China abandoned the silver standard and adopted a system of managed currency. The yuan was declared to have a parity of 29.75 cents United States currency, and the gold unit to be equal to 2.276 yuan (\$0.6775 United States currency).

DESCRIPTION AND CIRCULATION OF CURRENCY

The Chinese currency system has long been complicated, and a detailed description cannot be undertaken here.

The present standard fractional coins of silver are the 50-cent (which is rare), 20-, and 10-cent pieces. All of them circulate at discount. Various kinds of fractional Chinese silver money have been minted in times past by the various provincial mints and by

the central authorities.¹¹ Some of these have been called "small money" and some "big-money small money." The latter name was given to subsidiary money circulating at its face value. Today no subsidiary coins pass at their face value.

In February 1935 it was reported that the recently organized special committee on subsidiary coinage of the Ministry of Finance had decided upon the issuance of standardized subsidiary silver coins. Although this committee decided that subsidiary coins were to be of four denominations (5, 10, 20, and 50 cents), no action has been taken as yet by the Ministry of Finance. The latter is said to be giving this matter serious consideration, and the minting of subsidiary coins will probably be undertaken as part of the program for the unification of Chinese currency.

Minor coins consist of the brass "cash", the familiar coin with a square hole in the center, and of coppers of various kinds, according to mintage. The "cash," which theoretically represents a fraction of a tael,¹² has largely disappeared from circulation in the last few years, and coppers, which are not cent pieces but chiefly 10-cash (or occasionally 20-cash) pieces, have replaced them. The domestic exchange value of coppers varies with the silver price of copper plus a premium representing the demand for them as currency.

The quantity of copper coins in circulation is still very large. They are of various mintages and denominations, there being 200-, 100-, 50-, 20-, 10-, 5-, 2-, and 1-cash copper pieces. The only coins accepted by the National Government are the 10-cash or 1-cent piece, these being received in small amounts in payment of taxes or public debts. The 10-cash piece used to play an important part in the trade of the interior, where it was frequently the principal medium of exchange, but more recently fractional notes have tended to displace it. Retail prices of cheap commodities are quoted in silver, but the actual payment is made in coppers at the current rate of exchange.

Until a few years ago various foreign silver coins circulated in China. The last to disappear have been the "Saigon dollar" and the so-called Mexican dollar, a former Mexican-peso coin, still occasionally to be seen in China. The term "Mex.", however, has survived and is still frequently used to indicate Chinese yuan.

In 1929 a commission of American financial experts, under direction of Prof. E. W. Kemmerer, visited China and, as part of its work, submitted a report on the currency. The commission recommended that China adopt the gold-exchange standard on the basis of a new unit to be called the "sun" and to have a par value of 40 cents United States currency. The chief recommendations of the Kemmerer Commission with reference to the currency have not been adopted. However, in order to put the collection of import duties

¹¹ According to the 1931 report of the Director of the (United States) Mint, p. 185, there were then 30 mints in China operating at different times, more or less independently of the National Government, since they were under the direction of provincial authorities. Few of the mints reported fully their activities to the National Government. The mint report stated that in 1930, 67,000,000 yuan silver pieces were coined at the Hangchow Mint, 330,140,000 20-cent silver pieces at the Canton Mint, and 3,000,000 50-cent pieces in Yunnan Province. Another mint elsewhere reported to have been active in recent years is that located at Foochow. But in 1930 a large mint, modern in every respect, was completed at Shanghai. From March 1933, when operations were begun, to the close of 1934 the production of this mint amounted to 150,000,000 yuan.

¹² 10 cash (li)=1 candareen (fen); 10 candareens=1 mace (tsien); 10 mace=1 tael (liang). The weights of the various taels were all different. See Trade Promotion Series No. 27, Currency, Banking, and Finance in China, p. 17.

on a gold basis, there was established a so-called customs gold unit (abbreviated C. G. U.) with a value of 40 cents United States currency, which, since the devaluation of the United States dollar, is equal to about \$0.677 United States currency. Duties are collected on this basis but are, for statistical purposes, recorded in silver.¹³ Customs gold unit notes have been issued in denominations of 1-, 5-, and 10-C. G. U. and 10- and 20-C. G. U. cents, but have not developed much popularity as currency.¹⁴

Imports of bank-note paper are controlled by Customs Notification No. 1452 of June 18, 1935, which reads as follows:

The public is hereby notified that, in accordance with Government instructions, the right to import bank-note paper from abroad has been vested solely in the Trust Department of the Central Bank of China, through whom printing establishments are to obtain the supplies they require, and that importations of bank-note paper other than those purchased by the above department will be detained by the customs.

NOTE-ISSUING AUTHORITY

Until the silver nationalization decree of November 3, 1935, in addition to the Central Bank of China, various provincial, local, and foreign banks issued notes. As late as 1935 there were rare instances of notes issued by private commercial houses and used generally in purely local transactions. The decree provided that henceforth only notes of the three government-controlled banks would be legal tender, but other notes need not be immediately withdrawn from circulation. The outstanding bank notes of nongovernment banks were to be gradually retired and exchanged for Central Bank of China notes.

Note Circulation of Certain Chinese Banks

[In millions of yuan]

Bank	Circulation		Bank	Circulation	
	Dec. 31, 1934	Apr. 30, 1935		Dec. 31, 1934	Apr. 30, 1935
Central Bank of China ¹	86.0	92.0	Joint Savings Bank.....		29.7
Bank of China ¹	204.7	111.6	Ningpo Commercial & Savings Bank ¹		16.2
Bank of Communications ¹	112.5	44.3	Commercial Bank of China ¹		16.0
National Commercial Bank.....		8.4	Land Bank of China.....		6.3
Industrial Bank of China ¹		26.6	Farmers Bank of China ¹		5.6

¹ Under government control, with chairman of the board of directors and general manager appointed by the Ministry of Finance.

² 873,324.7 customs gold units.

Notes are also issued by private banks in the interior, chambers of commerce, guilds and associations, native banks, retail and wholesale shops, private remittance agencies, and pawnshops.

Copper notes are issued by provincial governments and by native banks and business organizations in the provinces. They circulate only locally and are not recognized as legal tender by the National

¹³ See "The Halkwan Tael and the Customs Gold Unit" in Commerce Reports of May 18, 1931.

¹⁴ For a description of the various taels and other former currencies of China, see Currency, Banking, and Finance in China, Trade Promotion Series No. 27, published in 1926 and for sale at the Government Printing Office, Washington, D. C., at 30 cents a copy. See, also, The Currencies of China (Shanghai, 1926) by Eduard Kann.

Government. They are issued in the following denominations: 1,000, 500, 300, 200, 100, 50, 20, and 10 coppers.

As to the notes of foreign banks, those of the following are in circulation: In South China, apart from Hong Kong bank notes, Bank of Indochina notes circulate; in Tsingtao notes of the Yokohama Specie Bank. Around Shanghai the notes of various foreign banks are in active circulation, some of the banks represented being the Chartered Bank of India, Australia, and China; the National City Bank of New York; the Hong Kong and Shanghai Banking Corporation; the Mercantile Bank of India; the American-Oriental Banking Corporation (now closed); the Chase Bank; and the American Express Co. An estimate of the Bank of China placed the amount of notes of foreign banks in China at 3,280,000 yuan on August 31, 1935. Foreign bank notes are gradually being withdrawn. When, during the period of credit stringency in the spring of 1935, the Hong Kong and Shanghai Bank attempted to hand out its own notes over the counter they were generally refused.

RESERVE REQUIREMENTS

In accordance with the law governing the issuance of currency notes promulgated in 1931, the Central Bank of China, other government-controlled banks, and authorized note-issuing private banks are required to maintain a reserve of at least 60 percent in coins or bullion. This law is respected by the banks of issue in the principal cities, although not by other note-issuing agencies in the interior, and not entirely by interior banks.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

On May 15, 1930, the National Government prohibited the exportation of gold in any form, except by the Central Bank of China. This measure is still in force.

On April 6, 1933, an export duty on outgoing sycee¹⁵ or bar silver was imposed by the Chinese customs. The duty was set at 2½ percent ad valorem, but silver yuan and bars, the products of the mint at Shanghai, were exempt, having already paid a 2½ percent minting charge.

On October 15, 1934, the present increased export duty on silver became effective. The new rate is 10 percent on sycee and bars, and 7½ percent on coins and bars manufactured by the Central Government mint at Shanghai. In addition, an equalization fee on silver exports was imposed, equal to the deficiency, if any, existing between the London market value as bullion of the silver content of the yuan and a rate of exchange officially fixed each day by the Central Bank of China.

In April 1935 all of the Chinese and foreign banks suspended the exportation of silver under a "gentleman's agreement." No time limit was set for that agreement, and it is still in operation. Thus, apart from smuggling, a virtual embargo on silver exports exists at present, freedom to ship being accorded only to the Central Bank of China.

¹⁵ The word used in China to describe silver of a certain fineness. Sycee was formerly in general use but is now seldom encountered in Shanghai. It appears in the form of irregular-shaped ingots called, in English, "shoes."

Export smuggling of silver is occurring continuously, even though the Government has announced that silver smuggling is a crime subject to capital punishment or life imprisonment.

The amount of silver smuggled out of the country from October 15 to December 31, 1934, is estimated at 30,000,000 yuan. From January 1 to May 31, 1935, the daily export through smuggling has been estimated at 200,000 yuan, or a total of 30,000,000 yuan during the 5 months.

GOLD

On April 30, 1935, the Central Bank of China had a gold reserve of 373,324.7 customs gold units, all held against its customs-gold-unit notes outstanding. The present gold reserve of this bank is estimated at 9,000 bars.¹⁶ No estimates are available of the total gold reserves of China.

There is no official price of gold, and the Government does not purchase gold at a premium. Gold is freely bought and sold on the Shanghai Gold Bar Exchange.

Gold hoarding in China is practically nonexistent, but there are no available data on the subject.

THE GOLD CLAUSE

The gold clause is not used in Chinese contracts.

SILVER

A detailed description of the position of silver in China's monetary system was published in Trade Promotion Series No. 149, the Monetary Use of Silver in 1933. This description is supplemented by the information given in this publication. In addition, the following should be noted regarding the Chinese attitude toward silver.

The rise in the price of silver in world markets in 1934 caused a considerable outflow of silver from China and seriously threatened the currency system. In attempting to check the flow, the authorities, as mentioned above, increased the export duty on silver and imposed the equalization charge.

A period of great monetary uncertainty began in early autumn of 1935. During October the exchange value of the yuan declined from the level of about 37.6 cents, United States currency, at which it had been held for a considerable period, to less than 30 cents. This decline was accompanied by the export of capital and firmer interest rates.

On November 3, 1935, the Chinese Government issued a sweeping decree nationalizing silver and definitely placing the currency on a managed basis. All silver coins and bullion were to be surrendered to the Central Government within 3 months. Only notes issued by the Central Bank of China, the Bank of China, and the Bank of Communications would henceforth possess full legal tender. The following parities were established by the Bank of China: The price of the Shanghai gold bar was placed at 1150.3 yuan and that of the customs gold unit, at 2.276 yuan, or 33 pence in sterling and 67.75 cents in United States currency. The telegraphic transfer exchange rates were officially declared to be as follows: One yuan equals 1s.

¹⁶ Since Feb. 2, 1934 one gold bar of 0.978 fineness weighs 10 Shih Liang (market tael) or 9.82607 troy ounces.

2% d. or 29.75 cents United States currency and 100 yuan equal 450 French francs.

A separate currency board was created by the Ministry of Commerce for the purpose of centralizing control over the note issue. The board membership is to consist of the following representatives: Three from the Ministry of Finance; two each from the Central Bank of China, the Bank of China, and the Bank of Communications; two from the Bankers' Association; two from the Native Bankers' Guild; two from the Chamber of Commerce; and five from the various issuing banks specially designated by the Minister of Finance.

Silver Held by Shanghai Banks, 1934-35¹

Date	Sycee (in thousands of fine ounces)	Coin (in thousands of yuan)	Number of bars	Total (in thousands of fine ounces) ²
Jan. 1, 1934.....	154,373	328,050	11,719	413,525
Jan. 1, 1935.....	23,146	294,108	7,980	253,034

¹ According to the Bank of China.

² Coin converted to ounces at 0.7553313 troy ounce per yuan; bars converted to yuan at 1,284 yuan each.

³ Includes 42,818 mint bars at 1,000 yuan each.

According to a 1932 estimate by E. Kann, the quantity of silver yuan coin then circulating¹⁷ in China was 1,627,225,000. In addition, he estimated that 80,000,000 foreign silver "dollars" were in the country.¹⁸

Dragon "dollars" out of a total of \$286,350,000....	\$200,000,000
Republican "dollars" minted from:	
Bar silver until 1930.....	735,443,000
Bar silver during 1931.....	32,720,000
Sycee until 1930.....	400,000,000
Sycee during 1931.....	59,062,000
Melted foreign "dollars" and silver imported for the purpose.....	200,000,000
Total.....	1,627,225,000
Estimated quantity of foreign "dollars" in circulation in China.....	80,000,000
Grand total.....	1,707,225,000

COLOMBIA

The unit of currency is the peso (symbol \$), divided into 100 centavos. By law of June 15, 1907, the weight of the gold peso is fixed at 1.46447 grams fine, which gives it a parity of \$1.6479.

DESCRIPTION AND CIRCULATION OF CURRENCY

Three types of notes are in circulation: Notes of the Bank of the Republic, national currency notes, and silver certificates. Notes of the Central Bank are by far the most important. The national bills in circulation were first issued by the Government in 1910. Upon the establishment of the Bank of the Republic in 1923, it was provided that the national currency should be retired annually in an amount equal to the dividends received by the Government in its

¹⁷ The table reads "minted", but Mr. Kann's text stated "circulating." Cf. E. Kann in Chinese Economic Journal, vol. VIII, pp. 410-420, April 1931.

¹⁸ See Finance and Commerce, Shanghai, Jan. 27, 1932.

shares in the Bank of the Republic. There have, however, been no withdrawals since 1930, when 300,000 pesos were retired. Accordingly, national notes to the value of 7,931,000 pesos were still in circulation as of June 30, 1935.

On June 30, 1935, 52,420,000 pesos of paper currency were in circulation of which 39,120,000 pesos were notes of the Bank of the Republic; 7,900,000 pesos were national currency notes; and 5,400,000 were silver certificates. The notes of the Bank of the Republic were in denominations of 1, 2, 2½, 5, 10, 20, 50, 100, and 500 pesos. A decree of May 1935 provides that the 2½-peso notes shall be discontinued and that a ½-peso note shall be introduced. By the end of November a small volume of the new ½-peso notes had been put into circulation.

Coins of Colombia

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Outstanding as of June 30, 1935 (millions of pesos)
			Grams	Grains	Grams	Grains	
50 centavos ¹	Silver	0.900	12.50	192.9045	11.25	173.6140	11.21
20 centavos ¹	do.	.900	5.00	77.1618	4.50	69.4456	
10 centavos ¹	do.	.900	2.50	38.5809	2.25	34.7228	
5 centavos	Nickel ²	.250					2.20
2 centavos	do. ²	.250					
1 centavo	do. ²	.250					
Total							13.41

¹ By a decree of May 1935 the Government is authorized to retire all silver coins and to exchange them for nickel minor coins and bank notes, including notes of ½-peso which may be issued.

² The alloy is 75 percent copper.

NOTE-ISSUING AUTHORITY

The organic act of the Bank of the Republic (Banco de la Republica) specifies, in article 16, paragraph 1 (law no. 25 of 1923), that the bank shall have the exclusive right to issue bank notes for a period of 20 years.

It may be said that the Government has both, by law and in practice, a controlling voice in the determination of the policies of the Bank of the Republic. Of the nine directors of the bank, three represent the Government; one of these three being the Minister of Finance and Public Credit, who serves ex officio.

RESERVE REQUIREMENTS

The present minimum legal reserve requirements of the Bank of the Republic are those established by legislative decree no. 2091 of 1931, and by a provision of one of the two contracts between the bank and the Government which is incorporated in law no. 7 of 1935. The latter permits the bank to reduce the ratio of gold reserve against notes in circulation to 25 percent; the former requires that the bank shall maintain a reserve in gold or other kinds of money equivalent to at least 25 percent of its deposits, subject to the restriction that silver or silver certificates shall not compose more than 50 percent of that reserve. The 7,931,000 pesos of national bills outstanding as of June 1935 had no metallic backing.

Silver certificates in circulation must be backed by silver currency to the full amount of the certificates in the hands of the public and

commercial banks. The issuance of silver certificates was first authorized by law no. 82 of 1931.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Restrictions on the movement of gold coin and gold bullion date from the promulgation of decree no. 1683 of September 24, 1931, when the Government instituted control of foreign-exchange operations. That decree prohibited the exportation of gold in any form except by the Bank of the Republic. The bank was given the exclusive privilege of buying, selling, or exporting gold, and all banks and individuals were required to deposit their monetary gold with the bank.

The control of foreign exchange was strengthened by decree no. 1871, of October 21, 1931. This decree required that permits be obtained for all shipments leaving the Republic and obligated the exporter to return to Colombia the proceeds of his sale. This action had no effect on gold movements since they already had been suspended by decree no. 1683, but silver was brought under control and regulation.

To strengthen the control over gold movements, decree no. 421 of March 7, 1932, requires in substance that:

1. Gold smelters refrain from accepting any gold for reduction unless the owners present evidence showing that it has been reported to the Medellin Mint, the Bogota Mint, or the Bank of the Republic;
2. Once the gold has been cast into bars, these must be delivered to the Medellin Mint or the Bank of the Republic;
3. Owners of the gold shall be given certificates attesting its value and these shall be liquidated in bills by the mint or the bank.

The official control of gold was further strengthened by decree no. 703 of April 6, 1933, which provides that no person in the Republic may engage in the purchase of coined gold, gold in bar, or gold dust without the permission of the Board of Export and Exchange Control (the entity formed by the fusion of the organizations set up by decrees nos. 1683 and 1871 of 1931). In granting such permits the board must require purchasers to give guaranties that the gold acquired will be delivered to the Medellin Mint or the Bank of the Republic. All mining companies are required to obtain authorizations from the board, the granting of the authorization being made contingent on the promise to deliver their gold output to the Medellin Mint.

Individuals or entities, other than the banks which already had turned over their gold, holding gold coins of any kind or gold bars were obligated to sell their holdings to the Bank of the Republic, or deposit them with the bank prior to April 30, 1933. Holders of gold dust likewise were ordered to deliver their holdings to the Medellin Mint prior to April 30, 1933, for assay and conversion into bars to be sold to or deposited with the Bank of the Republic.

Although the restrictions on the movement of gold were characterized as temporary by the Government, the original curbs and those subsequently imposed on the purchase, sale, and export of the metal are still in effect.

GOLD

Estimates of the amount of gold and silver smuggled out of the country vary widely. Some persons believe that about 10 percent of the gold production finds its way abroad in contravention of the

regulations. Other estimates run as high as 25 percent. It is strongly suspected that during 1935 gold smuggling increased appreciably in spite of vigorous efforts to suppress it and might have been as high as 25 percent of the total amount of gold taken from the ground—a surmise that is supported to some extent by the official statistics on gold production for 1935.

The October 31, 1935, balance sheet of the Bank of the Republic showed gold holdings of 436,157.536 fine ounces. The bank also had sight deposits abroad to the amount of \$2,091,988 United States currency. Decree no. 650 of 1935 permits the bank, for reserve accounting purposes, to compute its holdings of gold at the price of the metal in New York converted into pesos at the rate of exchange for dollar drafts on the day the balance sheet is prepared. Accordingly, the bank, with its 436,157.536 ounces of fine gold, and its deposits abroad of \$2,091,988 which it computes as gold for reserve purposes, had legal reserves, at the exchange rate of 1.7625, of 30,592,596.71 pesos.

To combat the clandestine trade in gold and to augment the metallic reserves, the Bank of the Republic, by virtue of decree no. 404 of February 24, 1933, commenced buying gold at a premium of 8 percent over the exchange rate of 1.13 pesos to the dollar for drafts. Since then the premium has risen in direct relation to the decline in the foreign exchange value of the Colombian peso to the American dollar. On December 12, 1935, the premium on gold was 66.975 percent.

It is doubtful if any sizable quantities of gold are in hoards. The effect of the various regulations since 1931 has been, generally speaking, to divert the greater part of the gold stocks to the Bank of the Republic. Those holdings which were not diverted appear to have long since found their way out of the country. Whatever illicit gold movements still persist (December 1935) are believed to consist mainly of gold bullion and gold dust.

THE GOLD CLAUSE

The status of the gold clause in domestic contracts is largely determined by law no. 46 of November 28, 1933, which states that obligations contracted in Colombian gold coin (oro Colombiano acunado) shall be paid at par in Colombian bills representative of gold or in Banco de la Republica notes. Obligations contracted in other kinds of gold coin will be paid in the same kind of bills or notes according to the intrinsic parity of said coins in relation to Colombian coined gold.

Obligations originally contracted in foreign currencies will be paid, capital as well as interest, in Colombian national currency, at the rate of exchange for said foreign currencies on the date the obligation was contracted except when the obligation originates with merchandise import transactions or purchase and sale contracts covering products for export.

SILVER

With the sharp rise in silver prices abroad in 1935, the smuggling of silver increased and there was widespread hoarding of silver coins by the public. At the instance of the Government, the Board of Exchange and Export Control in a resolution dated May 11, 1935, suspended the issuance of permits for the export of silver in any form. On July 30 law no. 8 was promulgated, authorizing the Government

to retire through the Bank of the Republic all 10-, 20-, and 50-centavo silver coins, and silver certificates, and to issue in their stead Bank of the Republic notes or minor fractional currency of other metal. This statute also prohibits the melting of silver coins and the export of silver either in the form of coins or in bars cast from melted coins or silver objects. Provision was made, however, for permitting silver producers to export their production under such regulations as the Government might issue. Law no. 8 authorizes the Government to issue 6,000,000 pesos, nominal value, in fractional currency of such metals, weights, dimensions, and denominations as the Government, in accord with the Bank of the Republic, may determine. Provision likewise was made for the disposition of any profits that might accrue through the retirement and sale of silver coins and the issue of 6,000,000 pesos of base-metal fractional currency.

The Bank of the Republic is now retiring the coins in circulation by exchanging them for base-metal fractional coins or its bank notes. It was estimated that approximately 5,000,000 pesos, face value, of silver coins had been exchanged by December 1, 1935. With these coins and those held by the bank as backing for the silver certificates still in circulation, the bank should have held on that date approximately 10,000,000 pesos (face value) of silver aside from about 3,800,000 pesos of silver coins held in the legal reserve against deposits. Since the total stock of monetary silver probably never exceeded 17,000,000 pesos, it is estimated that 3,200,000 pesos of silver currency were still in the possession of the general public and banks, other than the Bank of the Republic, on December 1, 1935.

COSTA RICA

The monetary unit is the colon (symbol ₡), divided into 100 centimos. By a law approved October 24, 1896, which was put into effect by Presidential order of April 16, 1900, Costa Rica adopted as its currency unit the colon, consisting of 778 milligrams of gold 0.900 fine. In terms of the present dollar this unit would have a parity of \$0.7879. By a legislative decree dated October 12, 1922, the currency was, in effect, devalued and, at the same time, placed on a gold-exchange basis. Article 3 of that decree provided that the conversion office (Caja de Conversion) established thereunder as a section of the Banco Internacional de Costa Rica "will change the notes which it issues for gold or American notes and will pay them on presentation with gold or American notes in the relation of 4 colones to the dollar." Articles 4 and 5 further provided that the Conversion Office should purchase and sell foreign drafts at the same rate, less a discount or plus a premium, respectively, sufficient to cover cost of handling the funds. Subsequently (December 1930), an exchange control was established, but the rate for dollars has varied considerably at levels somewhat above 4 colones to the dollar.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Practically the only foreign currency circulating in the country is that of the United States; although the amount of United States currency in circulation cannot be readily estimated, it is fairly large.

No legal tender limit for notes has been fixed but that for each denomination of coins is 100 colones.

Paper Currency of Costa Rica

Issuing authority and denomination	Dimensions	Amount outstanding Dec. 31, 1935 (colones)
Banco Internacional de Costa Rica:		
100 colones.....	7¾ by 3¾ inches.....	10,474,000
50 colones.....	7¾ by 3¾ inches.....	3,526,000
20 colones.....	7¾ by 3¾ inches.....	1,073,000
10 colones.....	7¾ by 3¾ inches.....	2,819,500
5 colones.....	7¾ by 3¾ inches.....	2,648,750
2 colones.....	6¼ by 2½ inches.....	1,653,000
1 colon.....	6¼ by 2½ inches.....	427,350
50 centimos.....	3¾ by 2 inches.....	245,750
25 centimos.....	3¾ by 1½ inches.....	48,050
Conversion office:		
100 colones.....	7¾ by 3¾ inches.....	162,700
50 colones.....	7¾ by 3¾ inches.....	21,850
20 colones.....	7¾ by 3¾ inches.....	11,900
10 colones.....	7¾ by 3¾ inches.....	27,640
5 colones.....	7¾ by 3¾ inches.....	19,605
2 colones.....	6¼ by 2½ inches.....	33,454
Silver certificates:		
50 colones.....	7¾ by 3¾ inches.....	27,450
10 colones.....	7¾ by 3¾ inches.....	8,000
Total.....		23,128,659

Coins of Costa Rica¹

Denomination	Metal of chief value	Finess	Gross weight		Diameter (mm)	Thickness (mm)
			Grams	Grains		
1 colon (1933) ²	Nickel.....	0.250	10.00	154.320	20	2.00
50 centimos (1933) ²	do.....	.250	6.25	96.450	25	1.80
25 centimos (1933) ²	do.....	.250	3.45	53.240	20	1.60
10 centimos (1929) ³	Copper.....	.950	2.00	30.864	18	1.24
5 centimos (1929) ³	do.....	.950	1.00	15.432	15	.89
10 centimos.....	do.....	1.000	2.00	30.864	18	1.14
5 centimos.....	do.....	1.000	1.00	15.432	15	.81
2 centimos (1903) ⁴	Nickel.....	.250	1.00	15.432	15	.81

¹ There exist silver coins 0.900 fine of 1 colon and of 50 and 25 centimos, but the circulation of these coins is practically nil.

² These coins (alloy is copper) are now being put in circulation, as authorized by law no. 168 of Aug. 22, 1935. Notes of the Banco Internacional of 1 colon and 50 centimos are now practically out of circulation.

³ Only 125,000 colones, coined in the Philadelphia mint, were issued. Alloy is zinc, 0.400; and tin, 0.100.

⁴ They have disappeared from circulation.

NOTE-ISSUING AUTHORITY

The only issuing agency at present is the Banco Internacional de Costa Rica. Its note issue on December 31, 1935, amounted to 22,816,000 colones.

The central government has both by law and in actual practice a voice in the affairs of the bank of issue.

RESERVE REQUIREMENTS

The notes of the Banco Internacional de Costa Rica state that they are convertible into coined gold. Subsequently, by law, these notes were made inconvertible and the bank maintains no reserve against them.

For the notes of the conversion office, there was deposited in banks abroad a reserve, as of December 31, 1935, equivalent to \$69,287.25 (United States currency). At the rate of 4 colones to the dollar, which was the rate fixed in the decree of October 12, 1922, establishing the conversion office, this reserve equals ₡277,149, the exact total of conversion notes then outstanding.

For the silver certificates, the Banco Internacional held on December 31, 1935, a deposit in Costa Rican silver coins of 1-, ½-, and ¼-colon denominations, totaling ₡35,510, which was the amount of silver certificates outstanding.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

A law of April 3, 1935, prohibits the exportation of silver in the form of either coined currency or bullion. Undoubtedly, in spite of the law, some silver is being smuggled out of the country, but the amount appears to be small.

GOLD

There are no gold reserves, and no gold is being purchased by the Government.

Hoarding cannot be estimated, although there is undoubtedly a considerable amount of gold in the country in the form of coins and trinkets.

THE GOLD CLAUSE

The gold clause is not in use in Costa Rica.

SILVER

There have been no developments affecting silver since the publication of Trade Promotion Series No. 149, the Monetary Use of Silver in 1933, except the prohibition of exportation.

The amount of silver held in Costa Rica, as of December 31, 1935, was estimated at 209,332.94 fine ounces troy, of which the banks held 10,250.48 and the public, 199,082.46. Part of the silver reported as held by the public may, however, have been smuggled out of the country.

CUBA

The monetary unit is the peso (symbol \$), divided into 100 centavos. The par value of the peso is \$1.00 in terms of United States currency.

Because the monetary laws and decrees have been so numerous, these are tabulated in the accompanying list, which should be consulted in connection with the text.

MONETARY LEGISLATION OF CUBA SINCE 1930

Law no. 16 of May 1933 (Gaceta Oficial, May 16, 1933).—Providing for the coinage of 6,000,000 silver pesos.

Authorizing the printing of silver certificates, redeemable in silver pesos at their nominal value, in denominations of not less than 1 peso or in excess of 10 pesos.

Decree no. 2788 of November 21, 1933 (Gaceta Oficial, Nov. 22, 1933).—Prohibiting the exportation of Cuban or American gold coin, or gold in bars, lumps, or any other form that may be readily converted into money.

Conceding a premium of 5 percent to anyone reporting clandestine shipments of gold.

Decree no. 3040 of December 8, 1933 (Gaceta Oficial, Dec. 9, 1933).—Penalizing infractions of regulations pertaining to shipments of gold by confiscating gold and returning to the owner 50 percent of the value at par.

Authorizing the coinage of 3,000,000 silver pesos and the emission of 17,000,000 pesos in silver certificates, secured by silver in bars; the Secretary of Finance to contract for the coinage of silver pesos and printing of silver certificates with a bank, or a syndicate of banks, preferably Cuban.

Decree no. 3161 of December 13, 1933 (Gaceta Oficial, Dec. 15, 1933).—Authorizing the Secretary of Finance to change the guaranty for the certificates provided for in decree no. 3040 of December 8, 1933, instead of retaining it in bars or ingots, by coining the silver.

Decree-law no. 92 of March 22, 1934 (Gaceta Oficial, Mar. 23, 1934).—Derogating decree no. 3040 of December 8, 1933; also decree no. 3161 of December 13, 1933.

Decree-law no. 93 of March 22, 1934 (Gaceta Oficial, Mar. 23, 1934—Extraordinary Edition no. 31).—Authorizing the coinage of 10,000,000 silver pesos, and the emission of 10,000,000 pesos in silver certificates of various denominations.

Decree-law no. 153 of April 19, 1934 (Gaceta Oficial, Apr. 24, 1934).—Permitting the unconditional use of Cuban silver in payment of all duties, taxes, assessments, and contributions to the State, provinces, or municipalities.

Decree-law no. 244 of May 22, 1934 (Gaceta Oficial, May 23, 1934).—Reducing the gold content of the Cuban peso to 0.8886 grams and providing for the purchase of all metallic gold offered to the Government at 35 pesos per troy ounce.

Declaring that only Cuban silver coins shall be legal tender and authorizing the payment in silver of all obligations, regardless of the currency specified in the contracts, whether the obligations were contracted before or after promulgation of the decree-law.

Prohibiting the exportation of gold in any form and derogating decrees nos. 570 of April 21, 1917; 2788 of November 21, 1933; and clause no. 4 of item V of the Cuban Customs Tariff of 1927.

Decree-law no. 256 of May 25, 1934 (Gaceta Oficial, May 26, 1934).—Amending decree-law no. 244, to include Cuban and American gold coin as legal tender, in unlimited amounts.

Decree-law no. 259 of May 28, 1934 (Gaceta Oficial, May 28, 1934).—Granting the right to demand payment of obligations contracted before decree no. 244 in the currency specified, provided that such currency is legal tender in Cuba. All future obligations payable in legal tender, within the limits established with respect to fractional coins.

Decree-law no. 268 of June 2, 1934 (Gaceta Oficial, June 2, 1934).—Prohibiting the exportation of all money, and restricting drafts on foreign countries, with the following exceptions:

- (a) For payment of the purchase price of imported goods.
- (b) For payment of obligations contracted prior to date of the decree-law.
- (c) Up to a sum not to exceed \$500 per annum for maintenance expenses of Cubans or foreigners residing in Cuba who temporarily leave the country.
- (d) For payment of interest and principal on bonds or dividends on stocks of companies located in Cuba, the holders of which reside abroad.
- (e) For payment of maintenance of offices, personnel, and services rendered in foreign countries, with the object of promoting the exportation of Cuban products, as well as for any other expenditure which has the same object in view.
- (f) For payment of insurance premiums on existing or future insurance contracts.
- (g) For payment or exportation of principal or interest of any amount imported into the country after the promulgation of the decree-law.
- (h) For all payments which for any reason must be made abroad by the State, provinces, or municipalities.

Decree-law no. 339 of July 13, 1934 (Gaceta Oficial, July 14, 1934).—Derogating decree-law no. 268 of June 2, 1934.

Decree-law no. 406 of August 10, 1934 (Gaceta Oficial, Aug. 11, 1934).—Modifying article IV of decree-law no. 93 of March 22, 1934, changing the inscription on silver certificates whose printing was authorized in that decree-law.

Decree-law no. 410 of August 10, 1934 (Gaceta Oficial, Aug. 13, 1934).—Confirming the gold content of the Cuban gold peso, stipulated in decree-law no. 244, and making Cuban and American gold coins, Cuban silver, and American bank notes legal tender, in unlimited amounts.

Prohibiting the circulation of Cuban or American gold, with a gold content exceeding the amount specified in decree-law no. 244.

Providing that obligations contracted before decree-law no. 244 must be paid in the currency agreed upon and in case it should be out of circulation, in United States bank notes.

Derogating law of October 29, 1914, with the exception of clauses b and c of article II; b and c of article VI; decree 570 of April 21, 1917; and decree-laws nos. 2788 of November 21, 1933, and 244, 256, and 259, of May 22, 25, and 28, 1934.

Decree-law no. 670 of November 9, 1934 (Gaceta Oficial, Nov. 13, 1934).—Authorizing the coinage of 10,000,000 silver pesos in the denomination of 1 peso, and naming of a delegate to be sent to the United States to open bids for purchase of metal and contract for the printing of silver certificates already authorized.

Decree no. 2950 of November 9, 1934 (Gaceta Oficial, Nov. 14, 1934).—Designating Sr. Eduardo I. Montouilleu as representative, to be sent on mission to the United States to contract for metal and for coinage of 10,000,000 pesos authorized by decree-law no. 670.

Decree-law no. 800 of January 8, 1935 (Gaceta Oficial, Jan. 9, 1935).—Authorizing the exportation of gold coin, gold bars, lumps, ingots, or gold in any other manufactured form, subject to an export tax of 15 percent of its value.

Decree no. 161 of January 26, 1935 (Gaceta Oficial, Jan. 30 and Feb. 15, 1935).—Containing regulations for the fiscalization and circulation of silver certificates.

Decree no. 211 of February 1, 1935 (Gaceta Oficial, Feb. 2, 1935).—Modifying article XXIV of the regulations for the fiscalization¹⁰ and circulation of silver certificates.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying table shows the currency of Cuba outstanding on March 31, 1935. American currency circulates extensively in the island. The distribution of American and Cuban currency in Cuba, as of March 31, is shown in the second table. Silver money is legal tender for payments up to 10 pesos, and to the extent of 8 percent on larger payments; the fractional currencies of nickel are legal tender to the amount of 1 peso.

Circulation of currencies other than Cuban and American is forbidden by law. It is known, however, that there are hoards of Spanish and French coins still held in Cuba, and in a campaign for savings accounts a few years ago, one bank obtained a large amount in gold, which was accepted at bullion value.

The paper currency of Cuba consists of United States notes, the only Cuban paper currency being the silver certificates mentioned in the tables following. Foreign notes (other than those of the United States) do not circulate. Their circulation is prohibited by law, and they have no legal status. The importation of foreign notes (other than those of the United States) is prohibited. The use of checks is common, particularly in commercial transactions.

¹⁰ See last paragraph of the following note.

NOTE.—The law is a general rule established by the sovereign power of the State to direct, reward, or punish the actions of subjects. In modern, civil, or common law it is usually a rule of conduct brought into being by a legislative body.

A decree is nothing more than a resolution, mandate, or written order, signed by the sovereign power of the State, which has for its object to execute the laws of the country, to provide or make some declaration respecting particular cases, or to establish measures of good government. In modern law a decree is used in much the same way as we use administrative rulings—as a regulative measure for the carrying out of a law.

A decree-law is a writ or edict containing something of both the above-described enactments. It is usually a decree of a regulative nature based upon and issued as a supplementary part of a duly enacted law.

Fiscalization, or fiscal control, signifies the financial supervision of the government of a State. The State enjoys the sovereign right to supervise by financial control all tax and monetary laws within its jurisdiction, for the general welfare of the country.

Stock of Cuban Metal and Paper Currency, Mar. 31, 1935

Denomination	Metal of chief value	Fine-ness	Gross weight		Gold or silver content		Diameter (mm)	Thickness (mm)	Amount (thousands of pesos)
			Grams	Grains	Grams	Grains			
20 pesos.....	Gold.....	0.900	33.4362	516.0000	30.0926	464.40	34.2900	2.4587	54
10 pesos.....	do.....	1.900	16.7181	258.0000	15.0463	232.20	26.9240	2.0320	529
5 pesos.....	do.....	1.900	8.3591	129.0000	7.5232	116.10	21.5390	1.4782	109
4 pesos.....	do.....	1.900	6.6872	103.2000	6.0185	92.88	17.8816	1.0922	50
2 pesos.....	do.....	1.900	3.3436	51.6000	3.0092	46.44	17.8816	1.0922	6
1 peso.....	do.....	1.900	1.6718	25.8000	1.5046	23.22	17.8816	1.0922	(*)
Total, gold.....									747
1 peso.....	Silver.....	0.900	26.7296	412.4659	24.0576	38.1090	2.8956	1.7780	26,369
40 centavos.....	do.....	1.900	10.0000	154.3200	9.0768	15.7800	1.3308	1.0922	1,344
20 centavos.....	do.....	1.900	5.0000	77.1600	4.5384	7.8900	0.6654	1.0922	3,353
10 centavos.....	do.....	1.900	2.5000	38.5800	2.2692	3.9450	0.3327	1.0922	934
Total, silver.....									31,600
20 pesos.....	(*)								500
10 pesos.....	(*)								1,800
5 pesos.....	(*)								2,500
1 peso.....	(*)								4,000
Total, silver certificates.....									9,500
5 centavos.....	Nickel.....	0.250	5.0090	77.1618	4.5384	21.2090	1.8288	1.0922	840
2 centavos.....	do.....	0.250	3.5000	54.0132	3.1788	19.3040	1.6002	1.0922	228
1 centavo.....	do.....	0.250	2.5000	38.5800	2.2692	16.9672	1.4732	1.0922	381
Total, nickel.....									1,450

* Alloy is copper.

* 1 pesos.

* The bullion value of the visible stock of Cuban gold pesos amounted to \$1,265,242 on Mar. 31, 1935, as compared with the nominal value of \$747,249. Hoarding and clandestine exportation of gold have been practiced for several years, but it is impossible to estimate the amount involved. The figures on gold coins are based upon the stocks of gold in the Treasury and in the banks.

* Of this total, 9,500,000 silver pesos were held by the Treasury Department as guaranty for silver certificates with a nominal value of 9,500,000 pesos.

* Silver certificates.

* Copper 75 percent.

Estimated Circulation of Currency in Cuba, Mar. 31, 1935

(In thousands of pesos or dollars)

Item	In Treasury	In banks ¹	In circulation ²		Total stock
			Amount	Pesos per capita ³	
Cuban currency:					
Gold.....	1,102	163	8,787	2.20	1,265
Silver certificates.....	500	713	5,775	1.45	9,500
Fractional silver.....	6,254	3,840	4,021	1.01	15,869
Nickel.....	637	973	1,111	.28	5,631
Total.....	8,252	5,769	19,694	4.94	33,715
American currency:					
Gold.....	7	45	105	.02	52
Silver.....	10	35	67	.03	150
Nickel and copper.....	(*)	2	13,880	3.48	25,811
Paper.....	554	11,377	14,052	3.53	26,082
Total.....	572	11,459	33,746	8.47	59,796
Grand total.....	8,824	17,228			

¹ Exclusively in banks connected with the Habana Clearing House.

² Amounts of American money in circulation are estimates only.

³ Based upon a population of 3,988,100.

* Revalued in accordance with the theoretical gold content of 0.8886 grams of fine gold per Cuban peso, as per decree-law no. 410 of Aug. 10, 1934. The gold coins are not the amount outstanding, but only the stocks of the Government and banks.

* This item does not include 9,500,000 pesos held in a special vault in the Treasury Department as guaranty for silver certificates with a nominal value of 9,500,000 pesos. These certificates were in circulation and in banks on Mar. 31, 1935.

* 450 pesos.

Source: Department of finance, currency section.

NOTE-ISSUING AUTHORITY

The sole authority for issuing Cuban notes is the Cuban Government. On November 14, 1935, 20,000,000 pesos of silver certificates were in circulation in Cuba.

RESERVE REQUIREMENTS

Cuban law requires that silver certificates in circulation be guaranteed by an equivalent amount of silver pesos. The reserve consists entirely of coins, there being no bullion in the Treasury.

RESTRICTIONS ON BULLION MOVEMENTS

The movement of gold and silver is negligible, apart from current receipts on account of the new 10,000,000-peso silver-coinage program. Until recently there was a steady clandestine exportation of gold coins. At present that business is inactive, owing to the facts that there is very little gold left in the country and that confidence in the currency has been restored.

Decree law no. 800 of January 8, 1935, authorized the exportation of gold on payment of a 15-percent tax. An official statement of the amount of gold on hand in the Treasury and in banks is included in the above table on Cuban metal and paper currency outstanding March 31, 1935.

GOLD

Gold is not being purchased by the Government, but is occasionally acquired by banks and brokers. However, the volume is very small.

THE GOLD CLAUSE

Obligations must be paid in the currency specified in contracts, but, if gold is specified, the contract may be liquidated in American currency.

SILVER

There has been no further information on silver since the publication of Trade Promotion Series 149, The Monetary Use of Silver in 1933.

CZECHOSLOVAKIA

Czechoslovakia has for its monetary unit the Czechoslovak crown (koruna; plural, koruny; abbreviation, kc. or cr.), divided into 100 hellere (singular haleru). The koruna contains 41.28 milligrams of gold 0.900 fine (37.152 milligrams of fine gold), and thus has a par value of approximately \$0.0418 in terms of United States currency. The par value was changed February 17, 1934, from \$0.0502 to the present par, through the reduction of the gold content of the koruna by one-sixth. Prior to the devaluation of the United States dollar on January 31, 1934, the par value of the koruna was \$0.0296.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Although foreign notes have no legal status, they are in circulation in small quantities along the borders of the country. There are no prohibitions on the importation of foreign notes. Checks are not generally used in Czechoslovakia, and the use of commercial paper is not so widespread as in England and the United States.

Paper Currency of Czechoslovakia¹

Denomination	Dimensions	Amount outstanding on Apr. 30, 1935 (millions of koruny)
5,000 koruny ¹	11.2 by 20.3 centimeters	315.9
1,000 koruny ²	10.2 by 19.3 centimeters	2,013.0
500 koruny ²	9.25 by 18.05 centimeters	593.9
100 koruny ²	8.5 by 17.0 centimeters	2,134.6
50 koruny ²	8.1 by 16.2 centimeters	442.6
20 koruny ²	7.4 by 14.9 centimeters	327.0
10 koruny ²	8.4 by 14.3 centimeters	50.9
Total		5,877.9

¹ The paper used is 80 percent rag, with cellulose and a small amount of viscose. The 10-koruna notes are printed, the others engraved. The notes of 100 koruny and larger in denomination are engraved on paper of foreign manufacture, the others on domestic paper.

² Engraved.

³ Decreed "token money" in 1932.

⁴ Printed.

NOTE.—The usual methods of preventing counterfeiting are used; i. e., special paper, ink, and printing. Domestic ink is used and the formula is closely guarded.

Coins of Czechoslovakia

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding Dec. 31, 1935 (millions of koruny)
			Grams	Grains	Grams	Grains			
20 koruny	Silver ¹	0.840	12.0000	185.1883	10.0800	155.5546	34	1.60	75.2
10 koruny	do. ¹	.700	10.0000	154.3236	7.0000	108.0265	30	1.70	244.9
5 koruny	do. ¹	.500	7.0000	108.0265	3.5000	54.0133	27	1.70	116.8
1 koruna	Nickel ¹	.800	6.6666	102.8524			25	1.85	96.5
50 hellere	do. ¹	.800	5.0000	77.1618			22	1.75	23.8
25 hellere	do. ¹	.800	4.0000	61.7284					4.5
20 hellere	do. ¹	.800	3.3333	51.4412					23.2
10 hellere	Copper ²	.920	2.0000	30.8647			18	1.20	14.3
5 hellere	do. ²	.920	1.6666	25.7206			16	1.10	4.8
Total									604.2

¹ Alloy is copper.

² Includes 10,000,000 jubilee coins held mainly by collectors.

³ Alloy is zinc.

NOTE.—5- and 10-haleru coins are legal tender for amounts not exceeding 10 koruny; 20- and 50-haleru coins for amounts not exceeding 20 koruny; 1-koruna coin for amounts not exceeding 100 koruny; 5-koruny coins for amounts not exceeding 250 koruny; 10-koruny coins for amounts not exceeding 500 koruny; 20-koruny coins for amounts not exceeding 500 koruny.

NOTE-ISSUING AUTHORITY

The right to issue bank notes in Czechoslovakia has been vested solely in the National Bank of Czechoslovakia (Narodni Banka Ceskoslovenska), since April 1, 1926, the date on which this institution was placed in operation.

Legally the Government has a controlling voice in the policies of the National Bank, which is Czechoslovakia's Central Bank, since it owns one-third of the capital stock and appoints the governor (for a term of 5 years) and three of the nine members of the board of directors (for terms of 6 years). Furthermore, the Government appoints a bank commissioner (commissaire), who is a high official in the Treasury and has the power to veto decisions of the board until a special ad hoc arbitration tribunal arrives at a decision which carries ultimate validity. In practice, however, the Government does not determine the policies of the bank of issue.

RESERVE REQUIREMENTS

Under law no. 25 of February 17, 1934 (the law authorizing the reduction of the gold content of the crown by one-sixth), the legal minimum reserve is required to be gold to a total of 25 percent of the demand liabilities of the National Bank of Czechoslovakia. (Silver is no longer included in the required reserve.) "Demand liabilities" consist of bank notes in circulation, plus current accounts and other sight liabilities. This law provides for a reduction in reserve requirements below the ratio prescribed by the monetary law²³ of November 7, 1929, enacted in pursuance of the recommendation made in the Report of the Gold Delegation of the Finance Committee of the League of Nations, June 1932, regarding the conservation of gold. However, since this later law became operative the ratio has never been below 40.8 percent and on May 31, 1935, stood at 42.3 percent.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Government decree no. 152 of October 2, 1931, reinstated Government decree no. 46 of February 29, 1924. The latter stipulated, among other things, that the exportation of gold and silver bullion should be subject to a permit by the banking office of the Ministry of Finance.²⁴ In restoring the validity of the 1924 decree, which had been canceled on December 31, 1928,²⁵ the only change made was to designate the National Bank as the licensing agent, instead of the extinct banking office. The licensing provision has operated as effectively as an outright embargo, and foreign-trade figures disclose that there have been no recorded export shipments of monetary gold or silver in the last 4 years. The decree of 1931 will remain in force until canceled by the Government.

Imports of gold and silver bullion are unrestricted.²⁶

According to officials of the National Bank, the smuggling of gold and silver into and out of Czechoslovakia is thought to be virtually nonexistent.

GOLD

On May 31, 1935, the National Bank held 2,686,970,000 crowns of gold, having a fine weight of 99,847.61 kilograms. Neither the Government nor the National Bank purchases gold at a premium. Officials of the National Bank surmise that a certain amount of gold hoarding has been and is still taking place. Although they regard it as unimportant, they do not venture to estimate the total amount involved. Since gold coins have not been in circulation since 1914 in the territory now comprising Czechoslovakia, it is likely that such hoards consist chiefly of old Austro-Hungarian kronen and florins. Furthermore, Government decree no. 202—dated September 10, 1934, and published in the Collection of Laws and Decree of September 11, 1934—which provided for the compulsory registry with and offer to the National Bank of precious metals, foreign exchange, claims on foreign countries, and foreign securities, resulted in the actual surrender of private holdings of gold and gold coins and tended to diminish the incentive to hoard.

²³ See par. 2, p. 56 of the Handbook of Foreign Currency and Exchange, 1930, Trade Promotion Series No. 102.

²⁴ See par. 1, sec. 19, Government decree no. 46 of Feb. 29, 1924, published in the Collection of Laws and Decrees of Mar. 4, 1924, effective on that date.

²⁵ Decree no. 209 of Dec. 28, 1929, published in the Collection of Laws and Decrees of Dec. 31, 1928.

²⁶ See par. 2, sec. 19, Government decree no. 46 of Feb. 29, 1924.

THE GOLD CLAUSE

Czechoslovak courts have not ruled on a gold-clause case in many years, but under civil law (1811), as interpreted by competent legal authorities, a private contract specifying payment in tender of a specific weight and fineness would be upheld. The gold-clause question does not arise with respect to the obligations of the Czechoslovak Government, since none have been issued with such a clause.

SILVER

The following is intended to replace the information on Czechoslovakia appearing in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

Present legal provisions.—The law of June 9, 1932, effective June 27, 1932, lists three silver coins: The 5-, 10-, and 20-koruna pieces. The 5-koruna coins are 0.500 fine; the 10-koruna coins, 0.700 fine; and the 20-koruna coins, 0.840 fine. Their respective gross weights are 7, 10, and 12 grams.

Possibility of increased use of silver without new legislation.—The National Bank is pursuing the policy of gradually replacing with silver coin the 10- and 20-koruna notes outstanding (Apr. 30, 1935) in a total amount of 377,913,196 koruny. Apart from this, it is estimated that 216,231,187 koruny²⁴ of silver coins might be issued within the maximum token coin circulation of 1,200,000,000 koruny fixed by law. Completion of the replacement of the small bank notes (10- and 20-koruna notes were decreed token coins in 1932) would require about 5,561,000 fine ounces troy of silver and the remaining 216,231,187 koruny—if issued one-half in the form of 10-koruna pieces and one-half in the form of 20-koruna pieces—would require 3,893,051 fine ounces troy, making possible the total additional consumption of 9,454,051 fine ounces troy.

Attitude toward silver.—It is believed unlikely that there will be any increase in the monetary use of silver in the near future over and above that provided for in the 1932 law. The general attitude continues to be against any additional increase in the use of silver, particularly such as would involve any sort of re-monetization.

Weight of fine silver in monetary use.—The weight of fine silver contained in Czechoslovak coins in circulation as of April 30, 1935, was 8,943,882 ounces troy.²⁵ The proportion thereof held by the general public and banks, commercial or other, is not ascertainable. On May 31, 1935, the National Bank of Czechoslovakia had in its vaults in the form of silver coins and silver bullion 27,935 fine ounces troy. The State Treasury holds no silver whatsoever. Holdings of silver at the State Mint at Kremnica on May 31, 1935, aggregated 12,731 fine ounces troy, which, of course, represent potential rather than actual monetary stocks.

DANZIG, FREE CITY OF

The monetary unit is the Danzig gulden (abbreviation g. or dg.), divided into 100 pfennigs, or pfennige. The gulden has a par value of approximately \$0.1899 in terms of United States currency.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

According to the bank-note law of May 1, 1935, legal tender in Danzig is the gulden equivalent to 0.1687923 grams fine gold, 1 kilogram fine gold equaling 5,924.44 gulden.

There are no restrictions on the importation of foreign currency.

Checks are used to about the same extent as in Germany.

²⁴ This figure represents the difference between the legal maximum token coin circulation of 1,200,000,000 koruny and 983,768,813 koruny (the actual token coin circulation of 983,768,813 koruny as of Apr. 30, 1935, plus 20,000,000 koruny which must be reserved for the minting of 1-koruna coins and smaller denominations). The difference represents the maximum expansion of silver coinage under existing laws.

²⁵ Converted at 31.104 grams per ounce troy.

Paragraph 4 of a decree of May 2, 1935, states that the total amount of the new 10-, 5-, 1-, and ½-gulden coins to be put into circulation may not exceed 30 gulden per capita for those permanently residing in the Free City, and that of the 10-, 5-, 2-, and 1-pfennig pieces may not exceed 3 gulden per capita for residents of the Free City. According to this ratio, the total issue will be limited to about 13,500,000 gulden. (The population of the Free City is approximately 407,000.)

The same decree also stipulates that no one shall be obliged to accept in payment more than 60 gulden in nickel coins or more than 3 gulden in coins of the other metals (aluminum and bronze and copper).

Paper Currency of Danzig,¹ Dec. 31, 1934

Denomination	Dimensions	Amount outstanding (thousands of gulden)
1,000 gulden	170 by 95 mm.	1,991.0
500 gulden	160 by 90 mm.	77.5
100 gulden	150 by 85 mm.	15,246.0
20 gulden	130 by 75 mm.	21,005.7
Total		38,920.2

¹ Engraved on paper of foreign manufacture. Information on the kind of paper used for notes is not available for publication. Legal tender for private and Government debts; a technical exception to this is the payment of customs duties. Danzig has been included in the Polish customs frontier, and the duties are payable in zlotys. Actually, however, they are paid in gulden at the current rate of exchange. In 1930 it was estimated that about 5 percent of the total circulation was composed of Polish, German, United States, and British notes.

² On July 15, 1935, 28,952,580 gulden.

Coins of Danzig¹

Denomination	Metal of chief value	Fineness	Gross weight		Diameter	Thickness ²
			Grams	Grains		
10 gulden	Nickel	1.000	17.0000	262.3501	34.0	
5 gulden	do.	1.000	11.0000	169.7560	29.0	
1 gulden	do.	1.000	5.0000	77.1618	23.5	
50 pfennigs	do.	1.000	3.0000	46.2971	19.5	
10 pfennigs	Aluminum-bronze	(³)	3.5000	54.0133	21.5	1.3
5 pfennigs	do.	(³)	2.0000	30.8647	17.5	1.1
2 pfennigs	Copper	0.950	2.5000	38.5809	19.5	1.1
1 pfennig	do.	0.950	1.6667	25.7206	17.0	1.0

¹ According to a decree of the Danzig Senate dated July 15, 1935.

² Unofficial. The law does not specify the thickness of the coins.

³ Copper, 0.915; aluminum, 0.085.

⁴ Tin, 0.040; zinc, 0.010.

NOTE.—No statistics are available on the amounts outstanding, since the coins were first put into circulation during the last week of July 1935. Paragraph 4 of the mint law provides, however, that the total amount of the 10-, 5-, 1-, and ½-gulden pieces to be put in circulation may not exceed 30 gulden per capita for those permanently resident in the Free City, and that of the 10-, 5-, 2-, and 1-pfennig pieces may not exceed 3 gulden per capita for residents of the Free City.

NOTE-ISSUING AUTHORITY

The Bank von Danzig (Bank of Danzig) is the sole note-issuing authority. According to a report issued by the bank of July 15, 1935, the notes in circulation aggregated 28,952,580 Danzig gulden.

The Government of Danzig has by law a controlling policy, in the policies of the bank.

RESERVE REQUIREMENTS

The bank-note law of May 1, 1935, stipulates that at all times the Bank of Danzig shall maintain a 30-percent coverage for its obligations in gold or foreign exchange. No provision is made for the inclusion of silver in the currency reserve.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The decree of the Danzig Senate establishing a system for foreign exchange control in Danzig, dated June 11, 1935, provides for an indefinite ban on the exportation of gold, currency, or precious metals from the Free City without the permission of the office for Foreign Exchange Control.

Smuggling of foreign currency and gold is believed to exist on a moderate scale.

GOLD

The Bank of Danzig reports that its holdings of gold coin and bullion on July 15, 1935, amounted to 16,675,394 Danzig gulden. Information is not available as to the weight of this gold.

Gold is not being purchased at a premium by the Government of Danzig.

Gold hoarding is believed to exist, but this activity has been checked by the operation of the law of June 11, 1935, establishing a strict control over foreign exchange operations.

THE GOLD CLAUSE

By a decree of the Danzig Senate dated May 1, 1935, the gulden was devaluated by 42.37 percent. Paragraph 1 of a decree issued on May 2, 1935, regarding the regulation of obligations following the reduction of the gold content of the gulden, provides:

Obligations in Danzig gulden, even if they are payable in gold gulden or contain a protection clause of any kind regarding the rate of exchange, can be redeemed by the debtor, without any further claims against him, in gulden according to the decree for change in the mint law (devaluation decree), dated May 1, 1935. The creditor has no right to make further claims.

It would appear from the above ruling that internal obligations in gulden may be paid in the devaluated currency; that is, that the gold clause in such contracts is not valid.

SILVER

See Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

Information is not available as to the weight of the silver in monetary use in the Free City.

On August 9, 1935, Consul W. J. Gallman reported from Danzig as follows:

The Free City of Danzig is now withdrawing the last of its silver coins from circulation and replacing them with coins minted from cheaper metals. According to a decree of the Senate, dated July 23, 1935, the only silver coins in circulation in the Free City (5- and 2-gulden pieces) are to be withdrawn, beginning August 1, and after October 1, 1935, they will no longer be considered as legal tender. They will be accepted, however, until December 31, 1935, at the Government cashier's office in payment, or for exchange.

The annual report of the Bank of Danzig (bank of issue), issued on December 31, 1934, showed that the amount of 5-gulden pieces in circulation on that date was 4,155,970 and of the 2-gulden pieces, 1,364,204.

Announcement of the intention to mint new coins and to take the silver money out of circulation was made by the Senate in a decree, dated May 2, 1935, amending the mint law. Provision was made in the decree for minting the following coins:

1. Nickel: 10-, 5-, 1-, and ½-gulden pieces.
2. Aluminum and bronze: 10- and 5-pfennig pieces.
3. Copper: 2- and 1-pfennig pieces.

Replacing the silver money with coins of cheaper metal is calculated to result in a substantial gain for the Government treasury. The silver gulden pieces will be melted, and the silver sold on the world market. The money derived from this source will be more than sufficient to defray the cost of minting the new coins from the cheaper metals.

DENMARK

The monetary unit is the krone (in English, crown) (abbreviation kr. or cr.), divided into 100 øre. The plural of krone is kroner. The par value of the krone is approximately \$0.4537.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying tables describe the currency of Denmark.

Foreign currency may be freely imported. Checks are coming to be widely used. A survey covering 2 days in 1928 indicates that of a total of 483,800,000 kroner of transactions 215,100,000 were settled by means of checks.

Paper Currency of Denmark, 1935¹

Denomination	Dimensions (centimeters)	Amount outstanding July 31, 1935 (millions of kroner)
500 krone	17.4 by 10.5	34.4
100 krone	15.6 by 10	120.4
50 krone	15.6 by 10	43.6
10 krone	12.9 by 8.9	143.1
5 krone	12.9 by 7.1	19.5
Total		361.0

¹ Printed and engraved on ramie and pure linen-rag paper. Inks are of domestic manufacture for intaglio printing and letterpress printing. To prevent counterfeiting, copperplate printing combined with a three-color letterpress printing and watermarks that are distinctive for each denomination are used.

Coins of Denmark, 1935

Denomination	Metal of chief value	Fineness	Gross weight		Diameter	Thickness	Amount outstanding July 31, 1935 (millions of kroner)
			Grams	Grains			
2 kroner	Copper	0.920	13.0	200.6206	31.5	2.5	9.5
1 krone	do	0.920	6.5	100.3103	25.5	2.0	11.0
50 øre	do	0.920	3.0	46.2971	20.0	1.6	2.3
25 øre ¹	Nickel	0.250	4.5	69.4456	23.0	1.7	5.0
10 øre	do	0.250	3.0	46.2971	18.0	1.8	3.8
5 øre	Copper	0.950	7.6	117.2859	27.0	1.9	.8
2 øre	do	0.950	3.8	58.6430	21.0	1.6	.7
1 øre	do	0.950	1.9	29.3215	16.0	1.3	.5
Total							33.6

¹ Aluminum 0.060; nickel 0.020.

² Has a small hole in center.

³ Copper 0.750.

⁴ Tin 0.040; zinc 0.010.

NOTE.—Legal tender limitations on coins are as follows: 2 kroner, 1 krone, and 50 øre pieces up to 20 kroner; smaller denomination coins up to 1 krone. National and municipal authorities, however, are obligated to accept 2- and 1-krone coins without limit in receipt for taxes and duties.

NOTE-ISSUING AUTHORITY

Nationalbanken i Kjobenhavn (the National Bank in Copenhagen) is the sole note-issuing authority. The amount of notes outstanding on June 8, 1935, was 371,749,330 kroner.

The Government has by law a controlling voice in the policies of the National Bank. The original charter granted to the National Bank in 1818 provided that the Government should appoint a commissioner (at present this commissioner is always the Minister of Commerce), who should be the chairman of the board of directors of the bank, with no vote but with the right to attend the meetings. Further, if the bank should decide on a change in the discount rate, the Minister of Finance was first to be advised, and he was also entitled to take part in the deliberations of the board of directors, but without a vote.

According to the law of September 29, 1931, when Denmark abandoned the gold standard, the bank was exempted from redeeming its notes in gold and was placed under the supervision of the Government, and the Minister of Commerce was delegated to exercise this supervision, which amounts practically to control.

RESERVE REQUIREMENTS

In pursuance of law no. 157 of July 12, 1907, section 7, no. 1, the reserve prescribed for the circulating note issue was a metallic reserve fund equal to not less than one-half of the face value of the circulating note issue. By royal decree of July 26, 1933, issued under act of May 20, 1933, the reserve ratio was fixed at not less than one-third of the circulating issue for a period expiring July 31, 1935.²⁶ However, a tax must be paid on the currency outstanding in excess of this ratio at the end of each month. The tax must be computed for each month separately on the basis of the bank rate ruling at the time.

The metallic reserve fund may consist of:

- (a) Legal tender currency at its face value (both subsidiary coins and standard coins are legal tender).
- (b) Gold in bars and foreign gold coins, calculated at 2,480 kroner per kilogram of fine gold.
- (c) The amounts due the bank from the National Banks of Sweden and Norway, carrying no interest and payable on demand. However, the debt of the Danish National Bank to the two banks named, contracted on the conditions stated above, shall be deducted from the metal fund.
- (d) The bank's noninterest-bearing demand deposits with the German Reichsbank.

The legal tender in the metallic reserve must amount to not less than one-fourth of the prescribed metallic reserve, and the parts of the fund mentioned under (a) and (b) together amount to not less than three-fifths of the prescribed metallic reserve. In pursuance of the royal decree of July 26, 1933, the quantity of gold coins and gold bars in the metallic reserve fund must amount to not less than 30 percent of the circulating note issue.

As stated above, subsidiary coins which formerly were minted of silver are now made of a copper alloy as authorized by law no. 28 of February 15, 1924, and only a very small quantity of silver coin is now in circulation.

²⁶ The royal decree of Aug. 1, 1935, provides for a prolongation of this provision until further notice, but not beyond July 31, 1937.

Securities as reserve for that part of the circulating note issue not secured by the metallic reserve must be held in the proportion of 125 kroner of securities for each 100 kroner of notes. The securities must be easily realizable and safe. The law of July 12, 1907, section 7, no. 3, classes among such securities: Mortgage bonds, in particular, and foreign bills of exchange, amounts due from correspondents abroad payable on demand, bonds listed on the exchange according to exchange notations, and mortgages on real property; but the last-mentioned must not exceed 6,000,000 kroner.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Importation of gold is unrestricted, but there exists an embargo on the exportation of gold, under the executive order issued by the Minister of Justice on September 2, 1931. This order was for an indefinite period.

There is no embargo on the exportation or importation of silver. In fact, silver is on the free list of the import control established January 31, 1932.

There have been no movements of gold during the past 4 or 5 years, excepting in 1934, when the National Bank deposited 50,100,000 kroner in gold with the Bank for International Settlements at Basel.²⁷ Silver is imported for the manufacture of silverware, and there is a large export of such manufactures. In 1934 imports of silver for the manufacture of silverware amounted to 29,641 kilograms, and the exports of silver in the same year amounted to 32,245 kilograms. No smuggling of gold or silver is believed to exist; if there is any, the amounts are negligible.

GOLD

On January 15, 1935, the gold reserves amounted to 53,670 kilograms, all held by the National Bank. The bank is buying no gold at present. The official purchase price is 2,480 kroner per kilogram, and naturally none is offered to the bank, since the world price of gold is equivalent (June 1935) to 5,000 kroner per kilogram. The amount of gold hoarded is negligible.

THE GOLD CLAUSE

There has been no legislation in Denmark regarding enforcement of the gold clause. In domestic contracts, payment in gold is taken for granted unless it is clearly indicated that the parties to the contract intended that payments were to be made in money at current value, and that it was merely the intention to safeguard the creditor against a drop in the value of the crown at the time of the closing of the contract through a rise in the cost-of-living figures. Under these circumstances the courts, in special cases only, have disregarded the gold clause.

Moreover, in contracts relating to rent, the gold clause has been set aside when it would involve a violation of equity to maintain gold payment, owing to the debtor's dependence on the financially superior creditor.

The attitude of the Danish courts is reflected in a proposal made by an inter-Scandinavian commission for a law regarding letters of

²⁷ 15,100,000 kroner of this amount was sold in September 1935 for redemption of a short-term Swiss credit.

indebtedness. This commission was established to regulate the liquidation of debts between the citizens of the countries concerned. The proposal contains the following provision:

A stipulation in a letter of indebtedness may be disregarded in its entirety or in part if it would be improper or clearly in violation of good business customs or ethics to apply the same.

The Danish Supreme Court on October 8, 1933, upheld the gold clause in a real-estate mortgage case. The mortgagor had, under protest, paid upon demand, in 1932, the amortization and interest at the dollar quotation rate, and then brought suit against the mortgagee to have the gold clause canceled. The lower court held the gold clause legal, and the Supreme Court affirmed that decision. The Supreme Court found that the decline of the krone against foreign currencies had not been of such character or meaning, that all or part of the decline from the agreed value in a real-estate transaction might be availed of; since the appellant's own lawyer drew up the instrument, the appellant was presumed to have understood perfectly its contents and terms.²⁸

SILVER

There is no silver in monetary use at present. By a law of 1873, silver was abandoned as standard money in Denmark. From 1873 to 1924 it was used in small coins, but after 1924 it was entirely abandoned. The amount held by the general public is negligible.

DOMINICAN REPUBLIC

The monetary unit is the United States dollar.

DESCRIPTION AND CIRCULATION OF CURRENCY

United States currency was adopted as the monetary standard of the Dominican Republic in 1897, and since that time United States paper money and coins have constituted the chief circulating medium of the Republic. The old Dominican coins which were in circulation at the time the American dollar was adopted as the standard were retained, and their ratio of value to the new standard defined. These old coins are for the most part still in circulation. It is said, however, that recently there has been a tendency on the part of the public to withdraw them from circulation, because their bullion value is allegedly higher than their nominal value. A law is being enacted to prevent their exportation, but it is not believed that either their exportation or withdrawal for hoarding purposes has reached important proportions.

No official data are available regarding currency in circulation. The following statement is, therefore, based largely on the opinion of bankers in the Dominican Republic.

The estimated amount of metallic currency in circulation is \$400,000. While no separate estimates of the amounts of United States and old Dominican coins can be obtained, it is probably safe to assume that they are about equal. The stocks of coins in the hands of the banks at the end of 1933 amounted to \$184,300, of which \$106,628 were American and \$77,672 old Dominican coins. Since there is a

²⁸ Summary translation from *Økonomisk Revue* (The Norwegian Financial Weekly), published in Oslo, Norway, Oct. 31, 1933.

tendency on the part of banks to pay out Dominican coins and retain United States silver for their stocks, it is probable that the total amount of each in circulation is about the same.

The amount of paper currency in circulation at the end of 1933 was estimated by bankers of Santo Domingo as about \$3,600,000. No information is available concerning the denominations of bills, all of which are United States currency, but there are few of higher denomination than \$20.

NOTE-ISSUING AUTHORITY

There is at present no note-issuing authority in the Dominican Republic.

RESERVE REQUIREMENTS

Since all of the notes are United States currency, no reserve for their redemption is held in the Dominican Republic.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no restrictions on the importation and exportation of gold or silver bullion.

There have been some exports of gold. These represent, in part, the output of placer mining which is carried on by natives on a limited scale. The customs statistics indicate that exports of mined (placer) gold amounted to 115 kilograms valued at \$54,721 in 1933, and to 240 kilograms valued at \$185,905 in 1934. In addition, there were exports of old (scrap) gold amounting to \$55,241 in 1933 and to \$189,284 in 1934. The total amount of mined gold exported from the country in 1933 and 1934 was perhaps twice as high as indicated by the official figures, since a large part of this gold is exported without customs declaration in order to avoid the payment of export taxes.

A law is now being enacted to prohibit the exportation of the Dominican silver coins that are in circulation, on the ground that their value as bullion at present silver prices exceeds their nominal value. The largest of these coins, the so-called clavado, has a current value of 20 cents. It weighs about 25 grams and contains from 0.333 to 0.350 percent of silver. These coins do not appear to be uniform either in weight or in silver content.

GOLD

So far as can be ascertained, no gold reserves are held in the Republic. The banks operating there are branches of American and Canadian institutions and their reserves, if any, are carried by the parent organizations.

Gold is purchased entirely by private individuals or merchants from the natives who carry on the placer mining.

Hoarding is not engaged in to any appreciable extent, and no estimates of amount hoarded can be obtained.

THE GOLD CLAUSE

So far as can be learned, the status of the gold clause in domestic contracts has not been legally determined. While contracts frequently stipulate United States gold, or the gold peso, it is believed that no attempt has ever been made to enforce the clause and that payment in United States currency, which is the currency of the

country, has always been accepted in the discharge of public or private obligations.

SILVER

No stocks of silver are held in the Republic and no silver is being mined at the present time. Since the total amount of metallic currency in circulation is estimated to be only about \$400,000, and this includes copper and nickel coins, it will be seen that the total fine silver in monetary use is limited to that contained in the subsidiary coins in circulation, the nominal value of which probably does not exceed \$300,000.

See Restrictions on Bullion and Coin Movements above; also Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

ECUADOR

The monetary unit is the sucre (abbreviation s.), divided into 100 centavos. The sucre has a par value of approximately \$0.3380.

DESCRIPTION AND CIRCULATION OF CURRENCY

The metallic currency in circulation in Ecuador, in accordance with the monetary law of March 1927, is described in the table on Coins of Ecuador. According to the latest bulletin of the Banco Central, the total value of gold, silver, and nickel included in the circulating medium on May 31, 1935, amounted to 8,177,722 sucres. Gold coins of 25 and 50 sucres were authorized by the monetary law of March 1927, but have not been coined.

There is no prohibition on the importation of foreign notes, but they have no legal status.

Checks are used comparatively little, but their use is increasing.

Silver coins are legal tender in individual payments not exceeding 10 sucres in amount; nickel coins, in payments not exceeding 2 sucres; and copper coins, in payment not exceeding 20 centavos. The Government, however, accepts all classes of coins in unlimited amount in payment of taxes, dues, and other fiscal charges.

A decree of December 29, 1935, authorized the issue of 10,000,000 1-sucre silver coins of a gross average weight of 5 grams, containing 20 percent silver, 45 percent copper, and 30 percent nickel. The new coins will replace the 1-sucre silver coins of 0.720 fineness then outstanding.

Paper Currency of Ecuador¹

Denomination	Dimensions	Amount outstanding, May 31, 1935
100 sucres.....	7 by 4 1/4 inches.....	Sucres
50 sucres.....	6 3/4 by 4 3/4 inches.....	
20 sucres.....	6 1/4 by 4 inches.....	
10 sucres.....	6 1/4 by 3 1/4 inches.....	
5 sucres.....	5 1/4 by 3 1/4 inches.....	
Total.....		42,160,665

¹ The notes are produced in the United States on special bank-note paper. Among the protective devices used on the bank notes may be mentioned the use of various and delicate colors interwoven or blended, much fine and intricate engraving, many serial numbers and letters, and indelible colored dots irregularly placed.

Coins of Ecuador

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)
			Grams	Grains	Grams	Grains		
2 sucres.....	Silver.....	0.720	10.000	154.3236	7.2000	111.1133	28.75	1.90
1 sucre.....	do.....	0.720	5.0000	77.1618	3.6000	55.5566	23.50	1.40
50 centavos.....	do.....	0.720	2.5000	38.5809	1.8000	27.7782	18.00	1.20
10 centavos.....	Nickel.....	1.000	4.0000	61.7294	.....	.....	21.50	1.60
5 centavos.....	do.....	1.000	3.0000	46.2971	.....	.....	19.50	1.40
2 1/2 centavos.....	do.....	1.000	2.5000	38.5809	.....	.....	18.50	1.30
1 centavo.....	Copper.....	0.950	3.5000	54.0133	.....	.....	20.50	1.60

¹ Alloy is copper.

² Used only in small communities.

³ Very seldom used.

⁴ Alloy is tin and zinc.

NOTE-ISSUING AUTHORITY

According to chapter VII of the law of March 4, 1927, the sole note-issuing authority is the Central Bank, known as the Banco Central del Ecuador. In accordance with a decree of December 30, 1932, control of the bank is vested in a board of five directors chosen as follows: One by the National Congress, approved by the Council of State; one by the President of the Republic; one by the class A stockholders, which are the associated banks of the country; one by the class B stockholders; and one each by agricultural, commercial, and industrial interests. The seat of the bank is in Quito, with its main branch (which transacts the greater volume of ordinary business) at Guayaquil. This branch is controlled by three officials—a director chosen by the Government, a director elected by the central board of directors, and a manager chosen by that board. There are branch offices in eight other cities.

The Government exerts considerable influence over the bank, and in recent years the bank has come to be considered a governmental or semi-governmental institution. The Government has felt free on various occasions to request loans from the bank, and on more than one occasion has exerted influence in the form of proposed legislation if these loans were not forthcoming. The debt of the Government to the bank is now over 30,000,000 sucres.

The wording of chapter 1, article 4 of the law of March 4, 1927, which established the bank, is of interest. It states:

The Central Bank of Ecuador is a private institution, and consequently the Government of Ecuador contracts no pecuniary responsibility for its operations, except in cases specially determined by law.

RESERVE REQUIREMENTS

The minimum legal reserve of the Central Bank is placed at 25 percent of its note circulation and deposits (art. 3 of the legislative decree of Dec. 16, 1932, Registro Oficial No. 21, Dec. 29, 1932). Article 3 reads as follows:

This reserve shall consist of gold coin and bars, held in its vaults or deposited in first-class banks abroad, or in transit for account of the Central Bank, and of deposits at sight or 30 days time in currency convertible into gold in any first-class bank abroad.

Silver is thus not included in the bank's legal reserve.

The legal gold reserve, according to the statement of the bank for May 31, 1935, comprised the following (stated in book value, at the old rate of 5.06 sucres to the dollar):

	Sucres
Gold in vaults.....	10,351,933.87
Gold in transit or marked for transit (mobilizable).....	5,934,234.90
Funds immediately disposable abroad.....	5,043,491.06
Total.....	21,329,659.83

On May 31 the combined total of note circulation (42,160,665 sucres) and deposits (23,787,948.35 sucres) was 65,948,613.35 sucres, making the legal gold reserve ratio, 32.34 percent.

In accordance with recommendations of a conference of bankers and other business men held in Quito in April 1935, the Central Bank also indicates the value of its reserves on the basis of the current price of gold in the international market. It was also recommended that certain other funds be included in the reserve. The statement, as of May 31, 1935, follows:

	Sucres
Gold in vaults.....	36,538,340.38
Gold in or for transit.....	5,934,234.90
Funds immediately disposable abroad.....	5,043,491.06
Funds not immediately disposable.....	5,132,487.40
Foreign bank notes.....	158,702.98
Exchange control funds.....	1,473,752.20
Total.....	54,281,008.92

The legal reserve computed on this basis is thus 82.3 percent. While the statement of reserves in this form is not sanctioned by law, it indicates that the actual value of the reserves is considerably higher than the legal requirement.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

By the emergency decree of February 8, 1932, Ecuador abandoned the gold standard; and the exportation of gold, except by the Government itself, was prohibited. The text of this decree is published in the bulletin of the Banco Central for February 1932, and in the Registro Oficial No. 96 of February 9, 1932.

Complete control of foreign exchange was authorized by the decree of April 30, 1932 (Registro Oficial No. 161, Apr. 30, 1932), which was modified by the decree of December 3, 1933 (Registro Oficial No. 47, Dec. 16, 1933). During that period all foreign exchange not acquired in illegal channels was controlled by a committee of the Central Bank. The later decree provided that only 25 percent of the foreign exchange derived from current export transactions should be delivered to the Central Bank and that this should be utilized for liquidating "frozen accounts" due to foreigners. The Central Bank was permitted to buy and sell gold within the country, but was prohibited from exporting it. From all decrees mentioned in this section there has been exempted the product of an American mining company which makes exports in the form of cyanide precipitates.

The decree of December 3, 1933, was modified by a decree of December 7, 1934 (Registro Oficial No. 96, Dec. 28, 1934), which permits the Central Bank, and this institution only, to export gold above its legal reserve requirement.

By a decree of May 17, 1935, the exportation of silver in any form is prohibited. The product of the American mining company is, however, exempted.

Smuggling of gold and, lately, of silver is known to exist, but its extent cannot be estimated. Practically all shipments smuggled out of the country consist of newly obtained gold from placer workings or gold washings operated by individuals in obscure and distant parts of the country. It is smuggled over land frontiers or brought to some port and taken out by a departing passenger who may escape the customary search made by customs authorities.

The export of silver has been prohibited only since May 1935, 17, so that no large amounts have been smuggled away. There has been an evident shortage of silver coins in daily circulation for some time owing to hoarding by the public.

GOLD

The amount of gold held in the vaults of the Central Bank on May 31, 1935, amounted to 10,351,933.87 sucres in book value. Gold held by commercial banks was negligible, being only 5,505 sucres. No gold is in circulation. The status of the reserves of the Central Bank has been discussed previously in this report.

Gold is purchased by the Central Bank when offered but at prices based on the New York market. Purchases are made from persons who obtained the gold from individual placer mines and gold washings. It is estimated that a relatively small proportion of this gold is sold to the Central Bank.

THE GOLD CLAUSE

By article 16 of the legislative decree of December 16, 1932 (Registro Oficial No. 21, Dec. 29, 1932, p. 3) any gold clause which may exist in domestic contracts is invalid. This has not been contested in the local courts. The article reads as follows:

While this law is in force, the notes of the Central Bank shall have full power. Consequently all debts contracted within the country shall be extinguished by payment with notes of the Central Bank, notwithstanding any stipulation to the contrary.

The remainder of the article concerns foreign obligations.

Debts contracted in foreign currencies shall be paid in notes of the Central Bank, at the official rate of exchange fixed at the date of the contract. There are excepted bills of exchange drawn abroad and those debts for which the creditor proves that payment has been made in foreign currency; in these cases they shall be paid in notes, but at the rate of exchange existing at the time of payment.

No obligation may be stipulated except in the domestic currency, except the obligations of international commerce.

SILVER

There are no precise figures to show the exact amount of silver held in Ecuador. However, the bulletin of the Central Bank lists gold, silver, and nickel to the amount of 8,177,722 sucres as an item forming a part of the circulating medium on May 31. The superintendent of banks estimates that silver is valued, roughly, at 7,000,000 sucres of this total; the remainder being nickel, since there is no gold in circulation.

The statement of the Central Bank for the close of May lists holdings of 899,201 sucres in silver and other currency (not including gold), while the consolidated statement of the commercial banks of the

country includes holdings of 256,865 sucres of silver. The superintendent of banks estimates that the combined holdings of all banks is, roughly, 1,000,000 sucres of silver, leaving about 6,000,000 sucres in the hands of the public. None is held by the Government.

The exact weight of fine silver in monetary use is not known but, based upon the legal requirements for coinage, an estimate can be given. The silver sucre, by the monetary law of 1927 consists of 5 grams of silver, with 0.720 fineness. The 7,000,000 sucres of silver held in the country would thus be slightly over 25,000,000 grams of fine silver.

EGYPT

The monetary unit is the Egyptian pound (symbol £E), divided into 100 piasters; 1 piaster equals 10 millimes. The par value of the Egyptian pound is \$8.3692, being pegged at approximately 102½ percent of the pound sterling.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Commencing in December 1935, the Ministry of Finance, through the National Bank of Egypt, will put into circulation 50-piaster bank notes to replace a large quantity of silver coinage in circulation.

Paper Currency of Egypt

Denomination	Dimensions	Amount outstanding Nov. 19, 1935 (thousands of Egyptian pounds)
100 pounds.....	200 by 120 millimeters.....	2,759.2
50 pounds.....	203 by 110 millimeters.....	502.6
10 pounds.....	187 by 100 millimeters.....	6,917.9
5 pounds.....	167 by 87 millimeters.....	6,003.4
1 pound.....	160 by 84 millimeters.....	8,075.7
50 piasters (new type).....	139 by 78 millimeters.....	332.4
50 piasters (old type).....	137 by 76 millimeters.....	8.4
25 piasters.....	122 by 72 millimeters.....	
Total.....		24,600.0

Coins of Egypt

Denomination	Metal of chief value	Fine-ness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding Aug. 31, 1935 (thousands of Egyptian pounds)
			Grams	Grains	Grams	Grains			
100 piasters.....	Gold.....	0.8750	8.5000	123.5220	7.4375	114.7678	24	1.44	None
50 piasters.....	do.....	.8750	4.2500	65.5875	3.7188	57.3896	20	1.09	
20 piasters.....	Silver.....	.8333	28.0000	432.1060	23.3333	360.0883	40	2.25	5,956.1
10 piasters.....	do.....	.8333	14.0000	216.0530	11.6666	180.0442	33	2.11	
5 piasters.....	do.....	.8333	7.0000	108.0265	5.8333	90.0221	26	1.67	
2 piasters.....	do.....	.8333	2.8000	43.2106	2.3333	36.0088	19	1.29	
1 millieme.....	Nickel.....	1.250	5.5000	84.8780			23	1.52	865.4
½ millieme.....	do.....	1.250	4.0000	61.7294			21	1.58	
¼ millieme.....	do.....	1.250	3.0000	43.5960			20	1.47	
¼ millieme.....	do.....	1.250	2.5000	38.5809			18	1.47	
¼ millieme.....	Copper.....	1.950	4.4000	67.9024			23	1.47	50.7
¼ millieme.....	do.....	1.950	3.3333	51.4412			20	1.42	
Total.....									6,872.2

¹ Alloy: 0.750 copper.

² Alloy: 0.040 copper and 0.010 tin.

NOTE-ISSUING AUTHORITY

The National Bank of Egypt is the only note-issuing agency. Its notes are legal tender by decree of August 2, 1914. The Government has a controlling voice in the policies of the National Bank, both by law and in actual practice.

RESERVE REQUIREMENTS

Legal requirements as to reserves against the currency are contained in an agreement between the Ministry of Finance and the National Bank of Egypt, whereby the latter is obligated to maintain a gold reserve equal to at least 50 percent of the total bank notes in circulation. This requirement was modified by an inconspicuous announcement in the Journal Officiel of October 30, 1916, in which the Ministry of Finance brought to the attention of the public that, in view of the considerable increase in the demand for bank notes caused by the requirements of the cotton crop, and, in view of the lack of opportunity of accumulating a gold reserve beyond the limit imposed by prudence and foresight, it had been decided to temporarily cancel the obligation on the part of the National Bank to maintain a gold reserve equal to at least 50 percent of its total bank-note issues in circulation. The announcement further stated that the National Bank had been authorized to include in its currency reserve British and Egyptian Government short-term securities as backing for any issue of notes in excess of the gold held by the bank.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The decree of November 7, 1916, prohibiting the exportation of either gold currencies or bullion except by special permission of the Ministry of Finance is still in force. Permission is obtainable only on condition that an equal amount of gold is imported into Egypt.

There are no restrictions on the importation and exportation of silver coin or bullion. The supply of silver is sufficient to meet trading requirements.

Very little gold or silver smuggling exists in Egypt because of the vigilance of the customs administration in cooperation with the coast guard, frontier, and other administrations.

GOLD

The note issue of the National Bank of Egypt on October 31, 1935, amounted to £E25,232,625, and its currency reserves were composed of the following items:

Gold (46,402,336 fine kilograms).....	¹ £E6,240,583
Egyptian Government securities or securities guaranteed by it.....	1,500,000
British Treasury bonds.....	9,492,042
British 3½-percent war-loan bonds.....	8,000,000
Total.....	25,232,625

¹ At the mint par of 7.4375 grams of fine gold per Egyptian pound.

Gold is purchased locally by the Government at about 2 percent less than the London price. Gold purchased during 1934 was valued at £E632,704, of which £E364,702 have been sold since December 31, 1934.

Gold held by the Government (excluding gold held against currency) amounted to £E48,408 on November 10, 1935. The Government is continuing to purchase and export gold as needed.

Very little gold is hoarded by the public, and bankers and Treasury officials state that it is impossible to estimate the amount.

THE GOLD CLAUSE

A recent agreement between the Government and the various mortgage institutions in regard to the land debt problem has been made possible only by the cancelation of the gold clause. Being thus freed from the anxiety of having to pay principal and interest on their bonds in gold, these institutions have agreed to make large concessions to their creditors. The decree abolishing the gold clause was published on May 2, 1935, and stipulates that:

The gold clause included in contracts which involve international payments, and are reckoned in Egyptian pounds, or in any other coinage legally current in Egypt (francs or Turkish pounds) is declared null and void. This does not apply to payments to be effected in virtue of arrangements or dispositions relating to the postal, telegraph, and telephone services.

SILVER

With the object of eliminating surplus old coins, the Egyptian Government, between March 1 and June 30, 1935, exported silver coins aggregating in nominal value £E600,000, and containing 67,500 fine kilograms of silver. The metal was sold at prices determined by averaging the London price on the contract date and the price on the date of arrival of each shipment.

There is no intention of substituting base-metal coins or of reducing the fineness of the silver coins remaining in circulation.

The fluctuation of silver in circulation is not influenced by the world price of silver, but consists of nominal variations in the amount of coins in circulation according to business requirements.

Silver, Nickel, and Bronze Coins, Sept. 30, 1935

Coins	In store	In circulation	Total face value
Silver.....	£E1,786,600	£E4,169,479	£E5,956,139
Nickel.....	29,405	839,009	868,414
Bronze.....	5,147	45,577	50,724

¹ At Ministry of Finance and other Government departments, £E1,455,652, and at the National Bank of Egypt, £E331,008.

ESTONIA

The monetary unit is the kroon (crown) (abbreviation kr., cr., or ekr.), divided into 100 senti. The par value of the kroon is approximately \$0.4537.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Although there are no restrictions on the importation of foreign notes, none are in circulation. The exportation of foreign notes, however, can take place only with the permission of the Bank of Estonia.

Checks are in common use.

Notes of the Bank of Estonia are legal tender for payment in any amount. Paragraph 12 of the monetary law of Estonia provides that 1- and 2-kroon coins and equivalent token paper money shall be legal tender in amounts not exceeding 50 krooni; 50- and 20-cent coins (the 25-cent pieces are being gradually withdrawn from circulation) and equivalent token paper money, in amounts up to 10 krooni; and coins of smaller denominations, up to 2 krooni.

All notes, with the exception of the 1,000-marka issue, are printed domestically. The paper used for the kroon notes has a resistance of 700 to 1,000 double bendings on a Shopper machine. To prevent counterfeiting, the front side of the new bank notes is printed in deep-set, protected by two Guillache designs and the iris impression. The reverse side is made out in bank print, with the Guillache design executed in duplex print on a two-color machine.

Paper Currency of Estonia

Denomination	Dimensions	Amount outstanding June 1, 1935 (thousands of krooni)
Treasury bills: ¹		
1-kroon.....	168 by 89 millimeters.....	2,700
Notes to remain in circulation:		
50-kroon.....	158 by 100 millimeters.....	9,309
20-kroon.....	140 by 85 millimeters.....	5,074
10-kroon.....	130 by 80 millimeters.....	18,409
5-kroon.....	130 by 70 millimeters.....	4,183
Total.....		39,675
Notes being withdrawn:		
100-marka.....	169 by 95 millimeters.....	35
1,000-marka.....	159 by 95 millimeters.....	65
5,000-marka.....	190 by 101 millimeters.....	15
800-marka (former Treasury bills).....	180 by 96 millimeters.....	37
1,000-marka (former Treasury bills).....	200 by 112 millimeters.....	40

¹ Former 100-marka bills bearing an overprint. The amount outstanding on June 1, 1935, consisted of exchange money in circulation plus exchange money on hand at the Bank of Estonia and its branch offices.

Coins of Estonia

Denomination	Metal of chief value	Fine-ness	Gross weight		Silver content		Diameter (mm)	Amount outstanding June 1, 1935 (millions of krooni)
			Grams	Grains	Grams	Grains		
2 krooni (old).....	Silver.....	0.500	12.00	185.184	6	92.592	30.00	2.3
2 krooni (new).....	do.....	.500	12.00	185.184	6	92.592	29.75	.2
1 kroon (old).....	do.....	.500	6.00	92.592	3	46.296	25.25	.3
1 kroon (new).....	Copper.....	1.920	6.00	92.592			25.25	1.2
25 senti.....	do.....	1.700	8.50	131.720			27.50	.8
10 senti.....	do.....	1.900	4.00	61.728			21.25	
5 senti.....	do.....	1.900	2.50	38.580			17.75	.4
3 marki.....	do.....	1.955	3.40	52.469			20.00	.1
2 senti.....	do.....	1.700	5.00	77.160			23.25	.2
1 senti.....	do.....	1.955	3.40	52.469			19.63	.1
1 senti.....	do.....	1.955	1.90	29.728			16.00	.1
Total.....								5.7

¹ Alloy is aluminum, 0.090; and nickel, 0.020.

² Alloy is zinc, 0.20; and nickel, 0.100.

³ This coin was placed in circulation on Oct. 15, 1935.

⁴ Alloy is nickel, 0.100.

⁵ Alloy is zinc, 0.015; and tin, 0.030.

NOTE-ISSUING AUTHORITY

The only currency-issuing authorities in Estonia are the Government and the Central Bank of issue, the Bank of Estonia.

Under the monetary law, the treasury is authorized to mint and put into circulation subsidiary coins and paper currency of small denominations to be used until metal coins of the same denominations have been issued. The total treasury issue on June 1, 1935, was 8,421,270 krooni, of which 4,986,714 was in circulation and 3,434,556 was on hand as cash in the Bank of Estonia and its branches.

The Central Bank is known officially as the Eesti Pank, or Bank of Estonia. Paragraph "o" of its statutes endows the bank with the exclusive privilege of issuing bank notes in Estonia for a period of 25 years, reckoned from the date on which its statutes entered into force (Jan. 1, 1928). The total note issue of the bank outstanding as of June 1, 1935, was 37,184,341 krooni.

Paragraph 46 of the statutes of the bank stipulates that it shall not be subject to any special regulations of the Government or of the Government's subordinate authorities during the period for which it is endowed with the sole privilege of note issue, except those provided for in the statutes of the bank.

According to paragraph 37 of the statutes, the president of the bank is appointed by the Government for a period of 5 years. Paragraph 15 states that "every shareholder, who has been inscribed in the register of the bank for not less than 6 months and who owns at least 10 shares, is entitled to speak and vote at the general meeting, each share conferring upon the holder the right to 1 vote, subject to the proviso that no one shareholder is entitled to have more than 1,000 votes in his own name. As proxy for other shareholders he may have the right to cast further votes not exceeding 1,000."

Approximately 70 percent of the shares of the bank are at present owned by the Government, the remaining 30 percent being in the hands of private individuals.

RESERVE REQUIREMENTS

No legal reserve needs to be held against the subsidiary coins and paper currency issued by the Treasury Division of the Estonian Ministry of Economic Affairs. As to bank notes, paragraph 58 of the statutes of the Bank of Estonia stipulates that "the bank shall maintain a reserve of not less than 40 percent of the amount of its notes in circulation and demand liabilities." Paragraph 59 provides that the reserve shall include only: "(a) gold coin and bullion owned by the bank, either in the custody of the bank or deposited in other Central Banks and earmarked for the Eesti Pank's account, or in any mint, or in transit to or from the Eesti Pank; (b) foreign exchange in the unrestricted ownership of the Eesti Pank, provided that in practice and in fact such exchange shall at all times be convertible on demand into exportable gold at the center where the exchange is held."

Neither the Government nor the bank possesses any reserves in silver.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Under the provisions of paragraph 2 of the law for regulating the movements of foreign exchange and precious metals, passed on November 18, 1931, the Government is authorized to issue regula-

tions restricting the exportation from Estonia of precious metals, such as gold, silver, and platinum, in any form and of any fineness.

The term "precious metals," according to paragraph 2 of the measures for regulating movements of foreign exchange passed by the Government on June 28, 1933, is construed to mean gold and silver in bullion and in foreign coin.

Imports of gold, silver, and platinum, whether in bullion, wire, or sheets, are free of restrictions and are admitted into Estonia without payment of duty.

It is not believed that smuggling of precious metals out of Estonia exists.

GOLD

According to a statement of the Eesti Pank dated June 7, 1935, the bank's total gold reserves as of that date were valued at 32,566,702 krooni. The weight of the gold holdings of the bank is not published. No gold reserves are maintained by the Government.

Gold in Estonia is purchased by the Central Bank at the world market price, according to the requirements of the bank.

It is suspected that there is a certain amount of hoarding of gold by the public. Estonian gold coins have never been minted, but gold coins, principally old Russian coins, have at times been purchased from the public by local banks and other institutions. It is believed that the amount of old Russian and other foreign gold coins still hoarded by the public is not large.

THE GOLD CLAUSE

According to a law published in the Official Gazette No. 19, of 1934, any agreement calling for payment in Estonian krooni or in a foreign currency, whether entered into before or after the enactment of this law, may be carried out by payment in Estonian legal tender (notes of the Bank of Estonia) of the sum agreed upon, regardless of any provision by which it may have been intended to guarantee a specified rate of exchange for the Estonian kroon.

SILVER

The weight of fine silver contained in the subsidiary silver coins issued by the Estonian Treasury Division that were in circulation as of June 1, 1935, was as follows:

	Kilograms
Held by the general public.....	5,376.0
Held by the Central Bank.....	3,261.5
Held by the Government.....	654.0
Total.....	9,291.5

FINLAND

The monetary unit is the markka (plural markkaa; abbreviation mk. or FMK), divided into 100 pennia. In English the markka is referred to as mark (plural marks). The markka has a par value of approximately \$0.0426.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables. There are no old issues of notes in circulation.

The use of checks in Finland is increasing, but for the most part Finns are reluctant to accept checks, because the population does not use commercial banking facilities to any great extent.

The coins are, in private transactions limited in legal tender as follows:

Copper coins, to 10 markkaa.
Nickel coins, 25 and 50 to 20 markkaa.
Nickel 1-markka coins, to 100 markkaa.
Bronze 5-, 10-, and 20-markka coins, to 500 markkaa.

No old issues of coins are in circulation. The nickel 25- and 50-penni coins and the silver 1- and 2-markka coins issued under the Grand Ducal regime may be used, but as these coins have a higher value than the present currency they are not generally seen.

Paper Currency of Finland ¹

Denomination	Dimensions	Amount outstanding Dec. 31, 1934 (millions of markkaa)
1,000 markkaa	204 by 120 millimeters	381.3
500 markkaa	204 by 120 millimeters	223.8
100 markkaa	136 by 120 millimeters	473.4
50 markkaa	136 by 120 millimeters	103.2
20 markkaa	120 by 68 millimeters	89.2
10 markkaa	120 by 68 millimeters	1.3
5 markkaa	120 by 68 millimeters	1.0
Total		1,243.2

¹ Engraved on rag paper of domestic manufacture. The protective designs used to prevent counterfeiting of bank notes are said to be in secret markings in the design as well as other secret devices.

NOTE.—No legal tender limit is specified for notes.

Coins of Finland ¹

Denomination	Metal of chief value	Finess	Gross weight		Gold content		Diameter (mm)	Thickness (mm)	Amount outstanding Dec. 31, 1934 (millions of markkaa)
			Grams	Grains	Grams	Grains			
200 markkaa	Gold	0.900	8.4210	129.9567	7.5789	116.9610	22.50		
100 markkaa	do.	1.900	4.2105	64.9783	3.7895	58.4805	18.50		0.6
20 markkaa	Copper	1.920	13.0000	200.6205			27.00		4
10 markkaa	do.	1.920	8.0000	123.4589			31.00		5.6
5 markkaa	do.	1.920	4.5000	69.4456			28.00		30.6
1 markkaa	Nickel	1.250	4.0000	61.7294			21.00	1.67	27.7
50 pennia	do.	1.250	2.5500	39.3525			24.00	1.75	28.5
25 pennia	do.	1.250	1.2750	19.6763			18.50	1.37	8.3
10 pennia	Copper	1.950	5.0000	77.1618			16.00	.88	7.5
5 pennia	do.	1.950	2.5000	38.5809			22.00	1.87	3.4
1 penni	do.	1.950	1.0000	15.4324			18.00	1.37	3.4
Total									116.7

¹ Alloy is copper.

² These coins are referred to as aluminum bronze, containing aluminum 0.060 and nickel 0.020.

³ 1928 issue.

⁴ According to the law of 1920, the gross weight of this coin is 5.1829 grams.

⁵ Tin 0.040; zinc 0.010.

NOTE-ISSUING AUTHORITY

According to the law dated December 21, 1925, the Bank of Finland, the Central Bank (official name in Finnish is Suomen Pankki) has the sole right to issue notes within the Republic. The management and operation of the bank is supervised by representatives of the Diet, "who shall observe the regulations and instructions of the Diet in performing their functions." The actual operation of the bank is, however, conducted by a board of managers consisting of a chairman and maximum of four members (there are three at present), all appointed by the President of the Republic. In case of a vacancy on the board, the Diet's bank representatives shall propose to the Government the appointment of a proper person for the position. In actual practice the Government controls the bank's policies.

RESERVE REQUIREMENTS

The legal requirements as to reserves against the currency are explained on pages 21, 22, and 25, and in table 1 of the Bank of Finland Yearbook for 1934. It will be noted that the law does not specify that silver may be used as legal reserve against the amount of outstanding currency. The Bank of Finland is reported to possess very little, if any, silver in the form of coins or bullion.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no restrictions on the importation or exportation of gold or silver. The customs tariff stipulates that gold and silver bullion may be imported duty-free.

As there are no embargoes or restrictions on gold and silver imports and exports, there is no cause for smuggling.

GOLD

On June 14, 1935, the gold reserve held by the Bank of Finland totaled 12,262.741 kilograms, and was carried on the balance sheet at a value of 323,600,000 markkaa, or at about 50 percent of its present market value.

Small quantities of gold are purchased by the Bank of Finland from time to time on the London market at prevailing prices. During 1934 the bank purchased 6,000,000 markkaa of gold and sold, principally to goldsmiths, 6,100,000 markkaa. At the end of 1934 the gold reserve was valued at 322,500,000 markkaa.

For bookkeeping purpose the gold reserve on hand as of June 15, 1935, was valued at 26.38888 markkaa per gram. The bank's selling price for gold is at present 54.9 markkaa per gram, or slightly above the rate quoted in London. The leading users of gold are therefore making their purchases in the London market rather than from the Bank of Finland.

Hoarding is not being practiced to any extent, if at all, for the following reasons: (1) There are few persons with sufficient means; (2) interest rates are comparatively high in Finland, and, therefore, there would be no justification for keeping available funds inactive; (3) there have been no gold restrictions in effect since the end of 1931, and there is, therefore, no tendency to invest funds in gold; and (4) business conditions have improved appreciably during the past 2 years and the amount of foreign exchange held by the Bank of Finland has increased; hence there is no fear that financial conditions will become unstable.

THE GOLD CLAUSE

There is no law in Finland concerning the legal status of the gold clause in domestic contracts. The only pertinent legislation concerns the release of the Bank of Finland from the liability to redeem its notes in gold or foreign currency. This legislation has been issued and renewed for terms of 1 year since 1931. On December 8, 1934, the President of the Republic issued the latest decree, effective to the end of 1935, releasing the bank from the obligation of redeeming its notes in gold.

SILVER

No changes affecting the status of silver have occurred since the publication of Trade Promotion Series No. 149, The Monetary Use of Silver in 1933. The Bank of Finland is reported to hold very little, if any, silver.

Silver is not used in the monetary system of this country, and there is no information available as to the amounts held privately.

FRANCE

The monetary unit is the French franc (abbreviation f. or fr.), divided into 100 centimes. The franc has a par value of approximately \$0.0663.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables. The notes are unlimited legal tender.

Paper Currency of France, Dec. 26, 1934

Denomination	Dimensions	Amount outstanding (billions of francs)
1,000 francs	235 by 130 millimeters	47.26
500 francs	245 by 140 millimeters	7.46
100 francs	183 by 113 millimeters	23.76
50 francs	155 by 90 millimeters	3.18
20 francs	135 by 86 millimeters	.02
10 francs	123 by 78 millimeters	.08
5 francs		.10
Total		81.86

¹ Includes both old and new models, for which no separate statistics are available at present.
² The 5-, 10-, and 20-franc notes are still in circulation but are being progressively withdrawn.

Coins of France

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter (mm) ¹	Legal tender (francs)	Amount outstanding on Aug. 1, 1935 (millions of francs)
			Grams	Grains	Grams	Grains			
100 francs ²	Gold	0.900	6.55	101.0820	5.895	90.9738	21	(³)	* 246.0
20 francs	Silver	.680	20.00	306.6472	13.600	200.8801	35	250	789.3
10 francs	do.	.680	10.00	154.3236	6.800	104.9400	28	250	2,121.8
5 francs ²	Nickel	1.000	6.00	92.5941			24	100	* 800.4
5 francs ²	do.	1.000	12.00	185.1882			31	100	* 377.5
2 francs	Copper	(⁴)	8.00	123.4588			27	50	359.3
1 franc	do.	(⁴)	4.00	61.7294			23	50	522.2
50 centimes	do.	(⁴)	2.00	30.8647			18	50	330.1
25 centimes	do.	(⁴)	5.00	77.1618			24	10	* 27.0
10 centimes	do.	(⁴)	4.00	61.7294			21	10	* 27.8
5 centimes	do.	(⁴)	2.00	30.8647			17	10	* 23.2

¹ Data on thickness not available.

² Not yet in circulation (Aug. 10, 1935). In both gold and silver coins the alloy used is copper.

³ Unlimited.

⁴ Minted but unissued.

⁵ Provisional coins.

⁶ July 1, 1935.

⁷ Coins for permanent circulation.

⁸ Copper 0.910; aluminum, 0.90. These coins are referred to as aluminum-bronze.

⁹ Copper, 0.750; nickel, 0.250. These coins are referred to as nickel-bronze.

NOTE-ISSUING AUTHORITY

The sole right of note issue is vested in the Bank of France. The state intervenes in the affairs of the Bank of France only in an indirect manner, namely: (a) The governor and two assistant governors of the bank are nominated by the state; (b) three treasurers-general-paymasters, Government officials, must form part of the council of regency.

The council of regency of the Bank of France is made up of a governor and 2 assistant governors nominated by the state, 3 general paymasters, and 12 other directors who represent different industries and trades and are elected by the stockholders. The only strong influence the Government can exert on the council is in the appointment of governors, but new nominations can be made only when the entire council of regency opposes the policy followed by the governor.

The governor has the right to veto any measure taken by the council of regency but can take no action alone nor impose his will upon the council. The Government's policy up to the present seems to have been to leave the Bank of France more or less on its own initiative and not bring pressure on the council of regency.

RESERVE REQUIREMENTS

The Bank of France is obliged to hold a reserve in gold bars and coin equal to at least 35 percent of the note issue and demand liabilities (monetary law of June 25, 1928, art. 4).

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The Bank of France is obliged to convert its notes into gold on demand. It may do so either through legal gold currency, or in gold bullion at the rate of 65.5 milligrams of gold, 0.900 fine, per franc. The bank may, if it so desires, limit redemption to its head

offices and to minimum quantities fixed by agreement between the Minister of Finance and the bank—at present 215,000 francs.

The Bank of France must purchase gold at its head office and such branch offices as it may designate, on the basis of 1 franc per 65.5 milligrams 0.900 fine, without charging interest. It may charge the seller the cost of coining at the Paris Mint's rate (40 francs per kilogram of fine gold, or 44.44 francs per kilogram 0.900 fine). Assay costs, also, are charged to the seller.

Importation and exportation of gold and silver is unimpeded.

GOLD

The gold reserves of France are given in the Federal Reserve Bulletin of January 1936, as about \$4,395,000,000 as of December 31, 1935.

No official estimate on gold hoarding is available. However, according to one prominent banker the amount would be approximately 10,000,000,000 francs, while another banker estimates the amount between 10 and 12 billion francs.

THE GOLD CLAUSE

There is no French legislation prohibiting the gold clause in contracts.²⁹ The financial law of June 25, 1928, canceled contracts previously made on a gold basis, stating that these could validly be discharged by payment of their face value in new francs. Article 2 of this law, however, exempted from these provisions international payments contracted for before promulgation of the law and in which payment in gold had been stipulated. This applied particularly to bonds.

Up to the present time, 27 cases on this question have been passed upon by the courts. Seven of these, including those of the Credit Foncier Canadien, the Port de Rosario, and the City of Tokyo, have come before the Court of Cassation; 7 others, the most outstanding of which are the Credit Foncier Mexicain, Est-Lumiere and the Chemins de Fer Portugais, before the Court of Appeals; and 13 cases, including those of the Etat de Rio Grande, the Port of Para, the Chemins de Fer de Buenos-Ayres, before the lower courts.

The courts have found the gold clause valid in all cases where it was proved that there was an international factor and where there had been intent to repay in such a form as to protect investors from currency fluctuations. This was determined by examining legal notices, advertising and descriptive matter, etc.

The courts had, therefore, to determine two questions: (1) What was the nature of the contract—that is, whether it did or did not contain an international element; and (2) admitting that there was an international element, whether the terms of the contract showed that the parties had in fact intended a repayment in gold. Where the court ruled the contract was international and that the parties had in view a payment on a gold basis, the debtors were held responsible for payment as specified in the contract. In domestic contracts, in accordance with the law of 1928, the gold clause was held to be

²⁹ It might be well to note that although a contract which obligates the debtor to pay in gold is at present quite valid, it would most probably be of little help to the creditor in the event of devaluation of the franc; in that event a provision similar to that contained in the law of 1928 would probably be enacted.

invalid and payment in new paper francs was held to be a valid discharge of the debtors' obligation.

In the Port of Rosario case, the port company was formed to work in a foreign country with funds borrowed and raised in France, returns to be made by paying the bond coupons and stock dividends. This differs from the case of the Compagnie du Gaz Lebon or that of the St. Gobain Co., which have factories abroad but only as branches of their establishments in France. The Societe du Port de Rosario invested practically all of its capital abroad for the construction and operation of the port works in Rosario. The money borrowed was sent abroad in two forms: As merchandise exported to Argentina for the company, and as cash for the salaries of the employees of the company in Argentina. The Court of Cassation held that payments should be made in gold as provided in the contract, stating that the company had solicited and obtained funds mostly in France by stipulating payment in gold and had invested such funds abroad—obtaining foreign currency for them—to be employed in the payment of interest in France, this being of the nature of an international settlement.

A similar case was that of the Credit Foncier Franco-Canadien, whose bonds were issued in Switzerland and France and were payable in Paris and Geneva, and were negotiable on stock markets in both cities. The court ruled that these bonds should be repaid in Swiss francs as the choice of two currencies was given to subscribers in order to protect them from currency fluctuations.

In the case of the City of Tokyo, the bonds issued amounted to £9,175,000 sterling and were simultaneously issued in London, New York, and Paris. As the basic currency used in the loan was the pound sterling, this was an international contract, and the French court ruled that payment must be made in pounds sterling. The City of Tokyo, however, has defaulted this payment.

In the Est Lumiere case, the court ruled that the gold clause contained in the contract was invalid, as the money was mostly borrowed in France, used in France, and the distribution of electricity was made in France. This was therefore to be considered as a domestic contract.

SILVER

Silver for coinage is purchased as required. The coinage of 3,500,000,000 francs of silver is authorized by the laws of June 25, 1928, and December 23, 1933. On December 31, 1934, 2,700,000,000 francs of silver coins were outstanding.

Since June 1928 France has been on the gold standard and the notes of the Bank of France are covered by gold. The Bank of France does not, accordingly, keep any silver in its monetary reserve.

When the present monetary system went into effect in 1928, the old silver coins were recalled from circulation and turned over to the mint. The total amount was 3,551 metric tons (0.900 fine), of which 1,470 metric tons came from the Bank of France. Of this amount, the mint sold 1,015 tons and used 121 tons in minting operations for foreign countries. The rest was used in making silver coins for France and the colonies, excepting 130 tons, which remains in the vaults of the mint.

FRENCH INDOCHINA

The monetary unit is the piaster, divided into 100 cents. The piaster has a par value of 10 French francs, or approximately \$0.6630.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

No official statistics concerning the total metallic circulation in French Indochina are available. The only definite information at hand concerns the exports and imports of silver piasters and fractional currency since 1884. Coins minted during the period 1884 to 1935 amounted to 27,400,000 piasters. Small coins withdrawn from circulation during this period amounted to 8,232,834 piasters, leaving a balance of 19,167,166. It is impossible to obtain any definite figure as to the total value of fractional currency still in circulation, but expert opinion estimates it to be about 11,500,000 piasters.

On the basis of the foregoing figures, the following estimate of metallic currency in circulation, in the Treasury, and in the banks, as of December 31, 1934, is submitted:

	Piasters
Sapeques.....	100,000
1-cent bronze pieces.....	1,699,833
5-cent bronze pieces.....	500,000
10-cent silver pieces.....	8,050,000
20-cent silver pieces.....	7,413,000
1-piaster silver pieces.....	16,000,000
Total.....	33,762,833

This estimate is based upon the following figures:

Estimated Metallic Circulation in French Indochina

Classification	Held by Treasury	Held by banks	In circulation	Total
Silver piasters.....	12,170,056	12,042,800	1,787,144	16,000,000
Fractional currency, piasters.....	5,662,833	1,000,000	11,500,000	17,762,833
Total.....	7,832,889	12,642,800	13,287,144	33,762,833

¹ Authenticated figure.

² Estimate based upon information supplied by leading bankers.

Paper Currency of French Indochina¹

Denomination	Dimensions	Amount outstanding June 30, 1935 (millions of piasters)
100 piasters.....	214 by 144 millimeters.....	38.9
20 piasters.....	208 by 120 millimeters.....	17.8
5 piasters.....	(178 by 192 millimeters (old))	25.8
	(140 by 91 millimeters (new))	
1 piaster.....	(149 by 94 millimeters (old))	31.3
	(127 by 80 millimeters (new))	
Total.....		113.8

¹ There are no legal tender limits on notes.

Coins of French Indochina¹

Denomination ²	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)
			Grams	Grains	Grams	Grains		
1 piaster.....	Silver.....	0.900	20.0000	308.6472	18.0000	277.7825	35	2.50
20 cents.....	do.....	0.880	5.4000	83.5347	3.6720	56.6676	26	1.13
10 cents.....	do.....	0.880	2.7000	41.6674	1.8360	28.3338	19	1.04
5 cents.....	Nickel.....	0.250	5.0000	77.1618			24	1.50
1 cent.....	Copper.....	0.950	5.0000	77.1618			26	1.20
1/2 cent.....	do.....	0.950	4.0000	61.7280			21	
1/4 cent.....	(?).....	(?)	(?)	(?)			(?)	(?)

¹ Regarding circulation figures, see text.

² Unlimited legal tender for 1 piaster; 20-, 10-, 5- and 1-cent legal tender to 2.50 piasters; 1/2-cent legal tender to 2 piasters.

³ Alloy is copper.

⁴ Tin 0.040; zinc, 0.010.

⁵ Specifications determined by Governor General by proclamation of July 5, 1935.

⁶ Contains center hole 5 millimeters in diameter.

⁷ To be determined by Governor General according to decree of May 8, 1934.

NOTE-ISSUING AUTHORITY

The only note-issuing agency in French Indochina is the Bank of Indochina, which for a period of 25 years from March 31, 1931, is the bank of issue in the French colony. Its notes are legal tender throughout the Union. Attached to the law of March 31, 1931, which was promulgated in French Indochina May 26, 1931, is a convention between the French Government and the bank, and the statutes constituting the bank and regulating its operations.

The French Government has the right to nominate 6 of the 20 directors and owns in its own name or in that of the French colonies, 48,000 shares out of a total of 240,000 shares. It also has the right to approve the nomination of the managing director and to keep a control over the bank's operations through the commissioner of the Government.

RESERVE REQUIREMENTS

The Bank of Indochina is required to keep a reserve in silver or gold, or in currencies payable in silver or gold, amounting to at least one-third of its liabilities on outstanding notes and accounts current. On June 30, 1935, the bank held to cover its note issue and accounts current the following:

	Piasters
Silver.....	12,042,752
Currencies payable in gold francs.....	50,013,316
Various currencies.....	7,004,836
Total.....	69,061,104
These reserves were to cover:	
Currency circulation.....	102,185,455
Current accounts.....	13,433,275
Treasury account current.....	2,758,617
Total.....	118,377,347

In other words, the Bank of Indochina held reserves equivalent to 58.3397 percent of its liabilities.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There appears to be no regulation restricting the exportation of gold or silver from French Indochina. A decree dated May 28, 1925, restricts the export of coins of bronze and aluminum to France, French colonies, and French protectorates.

The importation of silver coins and other metal coins, with the exception of gold, is prohibited by the French decree of June 29, 1929.

There is no restriction upon the importation of gold and silver in bullion form.

GOLD

It is believed that neither the Government nor the Bank of Indochina holds any gold in its coffers or earmarked in other banks. The bank does hold in its note fund some 57,000,000 piasters in other currencies, most of which are payable in gold. Of this sum 50,000,000 piasters are in French francs which are convertible into gold at the Bank of France.

No premium is being paid for gold in French Indochina, and there is no hoarding of gold. The natives are, however, accustomed to invest their surplus wealth in jewelry. An estimate of the amount of gold in the hands of natives in this form cannot be made. During recent years it is certain that such holdings have decreased, the native finding it necessary to sell his jewelry in times of stress. Exports of melted-down jewelry during the years 1931, 1932, and 1933 were as follows:

Exports of Melted-Down Jewelry

Destination	Quantity (kilograms)			Value (thousands of francs)		
	1931	1932	1933	1931	1932	1933
France.....	1,610	8,088	-----	25,358	132,845	-----
Hong Kong.....	-----	415	1,245	-----	6,381	-----
Total.....	1,610	8,503	1,245	25,358	138,926	17,225

THE GOLD CLAUSE

The gold clause has not been used in domestic contracts and, so far as the American consulate can learn, no decision concerning a contract involving payment in gold has ever been made by the local courts. The silver piaster is legal tender without limit.

SILVER

As stated under "Description and Circulation of Currency", no definite information as to the total amount of silver coins in circulation in French Indochina is obtainable. The only reliable statistics are those showing the coins held in the Treasury of French Indochina and the metal stocks held by the Bank of Indochina. Based on these figures, the American consulate at Saigon, after consulting leading bankers, prepared an estimate of the total weight of silver, in kilograms fine, used for monetary purposes in French Indochina. This estimate is as follows:

Amount of Silver Used for Monetary Purposes
[All weights shown in fine kilograms]

Coins	Government	Banks	General public	Total
Silver piaster.....	1 39,061	1 216,770	1 32,169	1 288,000
20-cent piece.....	1 43,913	1 4,627	1 87,563	1 136,103
10-cent piece.....	1 51,614	1 5,508	1 90,676	1 147,798
Total.....	1 134,588	1 226,905	1 210,408	1 571,901

¹ Authenticated figure.
² Estimate.

GERMANY

The monetary unit is the reichsmark (abbreviation RM), divided into 100 reichspfennige. The reichsmark has a par value of approximately \$0.4043.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables and also under the heading "Silver", below.

Silver coins are legal tender for payments not exceeding 20 reichsmarks; and nickel and copper coins, for payments not exceeding 5 reichsmarks. Gold coins were minted before the World War and are legal tender without limitation (art. 4 of the bank law of Aug. 30, 1924), but they are now out of circulation.

Foreign notes may be freely imported, but none are in circulation as, according to a 1935 decree, they must immediately be surrendered to the Reichsbank.

Coins of Germany

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter	Thickness	Amount outstanding June 30, 1935 (millions of reichsmarks)
			Grams	Grains	Grams	Grains			
20 reichsmarks ¹	Gold.....	0.900	7.9650	122.9189	7.1685	110.6262	22.5	1.40	(1)
10 reichsmarks ¹	do.....	.900	3.9825	61.4590	3.5842	55.3131	19.5	.90	(1)
5 reichsmarks ¹	Silver ².....	.500	25.000	385.8089	12.5000	192.9045	36.0	3.00	588.4
3 reichsmarks ¹	do.....	.900	13.8890	214.3406	12.5000	192.9045	36.0	2.40	364.6
2 reichsmarks ¹	do.....	.500	15.0000	231.4853	7.5000	115.7427	30.0	2.59	10 8.3
1 reichsmark ¹	do.....	.500	10.0000	154.3236	5.0000	77.1618	26.0	2.20	213.5
2 reichspfennige ¹	do.....	.625	8.0000	123.4589	5.0000	77.1618	22.6	1.57	12.6
1 reichspfennig ¹	do.....	.500	5.0000	77.1618	2.5000	38.5809	22.6	1.57	100.0
50 reichspfennige.....	Nickel.....	1.000	4.8000	74.0736	-----	-----	-----	-----	-----
10 reichspfennige.....	do.....	1.000	3.5000	54.0132	-----	-----	20.0	1.50	198.1
5 reichspfennige.....	Copper ³.....	.715	4.0000	61.7294	-----	-----	-----	1.80	74.0
2 reichspfennige.....	do.....	.715	2.5000	38.5809	-----	-----	-----	1.50	70.8
1 reichspfennig.....	do.....	.950	-----	-----	-----	-----	-----	-----	29.2
2 reichspfennige.....	do.....	.950	3.3333	51.4412	-----	-----	-----	1.40	4.5
1 reichspfennig.....	do.....	.950	2.0000	30.8647	-----	-----	-----	1.10	7.3
Total.....	-----	-----	-----	-----	-----	-----	-----	-----	¹⁰ 1,663.0

¹ Prewar coin; not in circulation.

² Old.

³ Alloy is copper.

⁴ New.

⁵ Withdrawn since Jan. 1, 1935.

⁶ Called aluminum-bronze coins.

⁷ Alloy is aluminum.

⁸ Withdrawn since Oct. 1, 1933.

⁹ Tin, 0.040; zinc, 0.010.

¹⁰ Withdrawn from circulation since Jan. 1, 1935. Actual total as of June 30, 1935, is, therefore, 1,654.7 reichsmarks.

Paper Currency of Germany¹

Denomination	Dimensions	Amount outstanding July 31, 1935 (millions)
Reichsbank:		
1,000 reichsmarks.....	95 by 190 millimeters.....	71.0
100 reichsmarks.....	90 by 180 millimeters.....	814.2
50 reichsmarks.....	85 by 170 millimeters.....	1,573.3
20 reichsmarks.....	80 by 160 millimeters.....	1,332.0
10 reichsmarks.....	75 by 150 millimeters.....	87.3
Total.....		3,877.8
Notes of private banks:²		
100 reichsmarks.....	90 by 180 millimeters.....	34.3
50 reichsmarks.....	85 by 170 millimeters.....	127.0
Total.....		161.3
Total reichsmarks.....		4,267.9
In rentenmarks:³		
1,000.....	86 by 155 millimeters.....	34.7
500.....	80 by 150 millimeters.....	3
100.....	80 by 145 millimeters.....	42.5
50.....	85 by 155 millimeters.....	287.4
10.....	78 by 145 millimeters.....	19.7
5.....	74 by 133 millimeters.....	5.5
Total rentenmarks.....		390.1

¹ Printed on domestic fiber-faced paper specially watermarked. To prevent counterfeiting special color combinations are used and ornamental bands are printed on the notes.

² The four state banks of Bavaria, Baden, Saxony, and Württemberg possess the right of issue up to Jan. 1, 1936. These notes have not yet been recalled.

³ One rentenmark equals 1 reichsmark. The circulation of rentenmarks is gradually decreasing.

NOTE-ISSUING AUTHORITY

No Government notes are issued in Germany. The chief note-issuing authority is the Reichsbank (the Central Bank). Other note-issuing banks are The Deutsche Rentenbank, Berlin, which issues so-called rentenmark notes, secured by first mortgages in gold marks on the entire German landed property. In addition there are the so-called private note banks, the Bayrische Notenbank, Muenchen; Badische Bank, Karlsruhe; Saechsische Bank zu Dresden, Dresden; and Württembergische Notenbank, Stuttgart. These banks have the right to issue notes in denominations of 50 reichsmarks and upward on the same terms as the Reichsbank. The notes of the Reichsbank and the Deutsche Rentenbank circulate in the whole country, the latter, however, not being legal tender. The circulation of the private bank notes has been limited, and the note-issuing right of the private note banks will expire at the end of 1935. The amount of Rentenbank notes outstanding on July 15, 1935, was 371,000,000 rentenmarks; and that of private bank notes, 160,000,000 reichsmarks.

There is no other note-issuing agency in Germany. According to article I of the law of August 30, 1924, the Reichsbank is independent of the Reich Government; but article VI gives the President of the Reich, now the Fuehrer, the authority to nominate and to recall the Reichsbank President and members of the board of directors. In actual practice, since 1933 the Reichsbank has not been independent of the Government, as was originally intended. The Government possesses a decisive influence on the policies of the Reichsbank, especially in view of the fact that the Reichsbank President is also Acting Minister of Economics.

RESERVE REQUIREMENTS

German currency is governed by the law of August 30, 1924, and its amendments. The notes of the Reichsbank (as well as those of the private-note banks) must have a minimum cover of 40 percent of their nominal value in the form of gold and foreign exchange. Three-quarters of this cover must consist of gold and the remainder must be of good commercial paper, but silver cannot be used as cover for the notes issued. Under exceptional conditions these provisions can be suspended. For the present, the convertibility of bank notes has been discontinued.

RESTRICTIONS ON BULLION AND COIN MOVEMENT

According to the "Gesetz ueber die Devisenbewirtschaftung" of February 4, 1935, the purchase, importation, and exportation of gold and silver is permitted only with permission of the Foreign Exchange Board (Reichsstelle fuer Devisenbewirtschaftung). The duration of the law is not limited.

As far as gold and silver are concerned, smuggling is not believed to exist to any appreciable extent, but attempts to smuggle mark notes and foreign currency out of the country are discovered from time to time.

GOLD

Gold Reserves, Dec. 31, 1934, and June 30, 1935

Held by—	Dec. 31, 1934		June 30, 1935	
	Value (RM)	Weight ¹ (kilograms)	Value (RM)	Weight ¹ (kilograms)
Reichsbank.....	79,102,000	28,400	85,613,000	30,700
Private note banks.....	73,098,000	26,200	73,100,000	26,200
Total.....	152,200,000	54,600	158,713,000	56,900

¹ 2,784 reichsmarks equal 1,000 grams fine gold.

² Estimated.

Gold is not being purchased at a premium by the Government or the Central Bank.

Gold hoarding by the public is forbidden, and hoarded gold must be delivered to the Reichsbank. The amount of gold outside the Reichsbank and the private banks is believed to be insignificant.

THE GOLD CLAUSE

The gold clause in private contracts is permissible and is strictly respected in German judiciary practice. (As to existing provisions for the conversion of 'gold marks' in private contracts, see emergency decree of Oct. 10, 1931—Reichsgesetzblatt 1931, pt. I, p. 569.)

SILVER

Silver coins can be put into circulation only by the Reichsbank. Since the law of 1931, the per capita circulation of silver has been extended to 30 reichsmarks, so that a total of about 2,000,000,000 reichsmarks in silver may be issued, including the Saar district. The weight of silver held in the form of coin is negligible.

The replacement of the old silver coins by new coins of 5 and 2 reichsmarks, as reported in the addendum of Trade Promotion

Series No. 149, is now in the course of execution. On June 30, 1935, silver coins in circulation were as follows:

Silver Coins in Circulation in Germany on June 30, 1935

Denomination	Old issues				New issues		Total
	5 reichs-marks	3 reichs-marks ¹	2 reichs-marks	1 reichs-mark	5 reichs-marks	2 reichs-marks	
Amount ²	588,404,000	8,284,602	213,493,570	100,046,112	364,621,505	12,598,002	1,287,447,791
Number of coins	117,680,800	2,761,534	106,746,785	100,046,112	72,924,301	6,299,001	406,458,533
Weight of fine silver (kilograms)	1,471,010	20,712	533,734	250,116	911,554	31,495	3,218,620

¹ Withdrawn as of Jan. 1, 1935.

² Deutscher Reichsanzeiger u. Preussischer Staatsanzeiger of July 8, 1935.

The weight of fine silver in monetary use is as follows: Silver held by the general public, 3,218,620 kilograms; held by the banks,³⁰ 1,494 kilograms.

GREECE

The monetary unit is the drachma (abbreviation d. or dr.), divided into 100 lepta. The drachma has a parity of \$0.0220.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

The circulation of coins in Greece is governed by laws nos. 3424 and 4502, and a decree of August 21, 1930. The maximum limit for the circulation of 20-, 10-, and 5-drachma coins is 150 drachmai per capita, or a total of 930,000,000 drachmai, based on the latest (1928) official census of 6,200,000 inhabitants; and of 2- and 1-drachma coins, and 50-, 20-, and 10-lepton coins, 20 drachmai per capita, or a total of 124,000,000 drachmai.

The importation of foreign notes is not prohibited, but foreign notes do not circulate in Greece.

The use of checks is very limited. Banks make every effort to encourage the use of checks, but are handicapped by the conservatism of the public and by the heavy stamp taxes. It is estimated that 90 percent of current payments is made in currency.

Paper Currency of Greece¹

Denomination	Dimensions	Amount outstanding Apr. 30, 1935 (millions of drachmai)
5,000 drachmai	201 by 100 millimeter	729.5
1,000 drachmai	193 by 92.5 millimeter	3,132.3
500 drachmai	188 by 85.5 millimeter	732.5
100 drachmai	161 by 77 millimeter	643.0
50 drachmai	150.5 by 74 millimeter	208.9
Total		5,706.3

¹ The notes are engraved and printed in London and New York on special note paper. Secret signs are used to prevent counterfeiting, the details of which are not available for publication. They have unlimited legal tender.

³⁰ Most of this is in coins withdrawn and held by the Reichsbank.

Coins of Greece

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Monetary stock of coins on May 31, 1935 (millions of drachmai)
			Grams	Grains	Grams	Grains			
20 drachmai	Silver	0.500	11.3333	174.8486	5.6667	87.5015	28.5	2.16	230
10 drachmai	do	0.500	7.0000	108.6265	3.5000	54.0133	25	1.93	75
5 drachmai	Nickel	0.991	10.0000	154.3236	-----	-----	30	1.85	125
2 drachmai	do	1.250	7.5000	115.7427	-----	-----	27	1.83	44
1 drachma	do	1.250	5.0000	77.1618	-----	-----	23	1.68	35
50 lepta	do	1.250	3.0000	46.2971	-----	-----	19	1.40	20
20 lepta	do	1.250	1.8000	27.7782	-----	-----	17.25	1.07	4
10 lepta	Aluminum	1.900	1.5000	23.1486	-----	-----	21.25	2.11	12
Total									4545

¹ Alloy: Copper, 0.400; zinc, 0.050.

² Alloy is copper.

³ Zinc, 0.090; copper, 0.010.

⁴ Of this total, 5,190,406 drachmai were held in the Treasury and 187,658,447 drachmai were held by the Bank of Greece, leaving 352,151,147 drachmai in actual circulation.

NOTE-ISSUING AUTHORITY

Since May 14, 1928, the Bank of Greece has had the exclusive right of issuing bank notes in Greece. The Greek Government has, both by law and in actual practice, considerable control over the policies of the Bank of Greece. A Government commissioner is permanently attached to the bank to supervise the execution of fiscal policies, existing laws, and the bank's statutes.

RESERVE REQUIREMENTS

According to article 61 of the statutes of the Bank of Greece, the total of notes in circulation plus sight obligations must be covered by gold and foreign exchange to the extent of at least 40 percent. This requirement was suspended by law 5422 of April 26, 1932, and redemption in gold was officially abandoned as of that date. Since then there has been no specific coverage requirement. No silver is included in the currency reserves.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Since the official suspension of gold payments by Greece on April 26, 1932, all transactions in gold, whether bullion or coins, have been under the complete control of the Bank of Greece. Fifteen of the larger commercial banking institutions act as its agents in this connection. Importation of bullion is permitted, but exportation other than by the bank itself is prohibited.

By an emergency law published in the Official Gazette of May 11, 1935, the Ministers of Finance and National Economy were authorized to establish a control over importation and exportation of gold and foreign coins and exchange. Importation of gold and silver coins other than Greek has been strictly prohibited, as has the exportation of coins of any kind.

Smuggling was very extensive in Greece for some time before and after the official suspension of gold payments in 1932. The rapid depreciation of the drachma in relation to gold, which began in Sep-

tember 1931, resulted in an active market both for gold bullion and coins. Following the pegging of the drachma on January 24, 1933, however, and the satisfactory rates offered for gold ever since by the Bank of Greece, "black bourse" transactions have dwindled to unimportance.

GOLD

The gold reserves of the Bank of Greece, held in Greece and abroad, included 547,768.620 fine ounces of bullion as of December 31, 1934, plus the following gold coins:

Pounds sterling.....	527, 155. 10s.
Napoleons.....	518, 411. 75
United States dollars.....	804, 541. 00
Turkish pounds.....	282, 246. 50
Rubles.....	43, 017. 50
Reichsmarks.....	49, 845. 00
Florins.....	3, 955. 00
Austrian crowns.....	15, 900. 00
Italian liras.....	3, 803. 20
Egyptian pounds.....	1, 036. 35
Mexican pesos.....	629. 00
Danish crowns.....	40. 00
Norwegian crowns.....	20. 00
Austrian schillings.....	25. 00
Finnish marks.....	10. 00
Pesetas.....	125. 00

The price paid for gold bullion by the Bank of Greece is fixed by the bank in terms of French francs per gram. On June 10, 1935, the buying rates of the Bank for bullion were as follows:

Carats:	French francs per gram	Carats:	French francs per gram
12.....	8. 34	19.....	13. 25
13.....	9. 05	20.....	13. 95
14.....	9. 95	21.....	14. 65
15.....	10. 45	22.....	15. 38
16.....	11. 15	23.....	16. 07
17.....	11. 85	23½.....	16. 42
18.....	12. 55	24.....	16. 77

Payment for bullion is made in drachmai converted at the current rate for the French franc, as in the case of gold coins.

No estimates are available as to the amount of gold held by the public in Greece, but during 1934 a total valuation of 303,605,000 drachmai of gold coins were offered to and purchased by the Bank of Greece. During that year the bank purchased in Greece and shipped to New York City, United States paper currency totaling \$730,717, as compared with more than \$2,000,000 in 1933. The latter figure included considerable amounts that had been hoarded.

THE GOLD CLAUSE

Law 5422 of April 26, 1932, prohibited the contracting of loans in drachmai secured by collateral consisting of gold, foreign currency foreign exchange, or foreign securities. This clause was supplemented by a legislative decree of July 14, 1932, under which the contracting of obligations in Greece in terms of foreign currencies is prohibited, except for loans of mortgage banks in Greece and loans contracted for the financing of imports; insurance policies also are excepted. For domestic contracts in general, therefore, the gold

clause is no longer permitted, but there is still considerable uncertainty as to the future treatment of obligations containing such a clause that were incurred prior to the official suspension of the gold standard on April 26, 1932. In the case of the capitalization of corporations, the validity of the gold clause has been sanctioned by a decree published in the Official Gazette of May 10, 1935.

SILVER

The following paragraphs bring up to date the section on Greece in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933:

Present legal provisions.—The law provides for subsidiary silver coins in denominations of 10 and 20 drachmai, 0.500 fine. All Greek coins are legal tender for all private and public debts.

Possibility of increased use of silver without new legislation.—The present circulation of silver coins appears adequate to meet current needs and the authorities have considerable quantities in reserve which could be used if necessary. Additional coinage is not in prospect; it would require new legislation as well as the approval of the International Financial Commission in Athens.

Attitude toward silver.—Greece produces virtually no silver, and there appears to be no prospect of new legislation unless the world price of silver should rise above \$0.835 per fine ounce, this being the approximate melting point of the 10-drachma coins now in circulation. The melting point of the 20-drachma coins is about \$1.032 per fine ounce.

Present employment of silver.—The 10- and 20-drachma coins in actual circulation, which were minted in England in 1930, total about 190,000,000 drachmai, while the Bank of Greece holds approximately 115,000,000 drachmai of the same coins which may be placed in circulation as required. The total face value of this silver coinage, issued and unissued (230,000,000 drachmai in 20-drachma pieces and 75,000,000 drachmai in 10-drachma pieces), is equivalent to slightly more than 5 percent of all the currency circulating in Greece. The 20-drachma coins weigh 11.33½ grams and the 10-drachma coins, 7 grams. Both are 500/1000 fine; hence the total weight of silver involved is approximately 2,940,000 fine ounces.

GUATEMALA

The monetary unit is the quetzal (abbreviation q.), divided into 100 centavos. The quetzal has a par value of \$1.6931.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying tables describe the currency.

Under chapter III of the monetary law of Guatemala, gold quetzal coins are legal tender in any amount; silver quetzal coins are legal tender in amounts not exceeding 10 quetzales; and copper coins in amounts up to 1 quetzal. As the Central Bank controls the circulation of money in accordance with the needs of the public, the question of using silver or copper coins in extraordinarily large quantities in payments of taxes, etc., has never arisen, and such coins are generally accepted without limitation. Under article 22 of the statutes of the Central Bank, quetzal notes will be accepted by the Government

without limitation as long as the Central Bank converts such notes at par.

United States paper currency circulates in relatively small quantities, the Central Bank accepting such currency at par less 1 percent for commission. United States coins are accepted by local merchants from tourists, although not by the bank. The estimated total of United States money entering Guatemala is about \$300,000 a year.

The only legal restrictions on the importation and exportation of foreign money are those which legislative decree no. 1984 of April 20, 1934, and executive decree no. 1659 of May 6, 1935, impose upon exports of gold and silver.

Paper Currency of Guatemala

Denomination	Dimensions	Amount outstanding June 11, 1935 (millions of quetzales)
20 quetzales.....	3½ by 6½ inches.....	1.3
10 quetzales.....	3½ by 6½ inches.....	1.0
5 quetzales.....	3½ by 6½ inches.....	2.9
2 quetzales.....	3½ by 6½ inches.....	.7
1 quetzal.....	3½ by 6½ inches.....	2.3
50 centavos.....	2½ by 5½ inches.....	.2
Total.....		18.4

¹ Of this amount 2,081,000 quetzales were held by the Central Bank.

The notes are engraved and printed in England. In order to prevent counterfeiting, watermarked paper with silk threads is used with three colors on the face of the note.

In June 1935, new notes were in the process of being engraved. All will be 2½ by 6½ inches (or 75 by 165 mm), with the exception of the 50-centavo note, which will continue to be 2½ by 5½ inches in size.

Coins of Guatemala¹

Denomination (centavos)	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding May 31, 1935 (thousands of quetzales)	
			Grams	Grains	Grams	Grains			Held in bank	In circulation
25.....	Silver.....	0.720	8.3333	128.6030	6.0000	92.5941	27.00	1.75	281	709
10.....	do.....	0.720	3.3333	51.4412	2.4000	37.0377	20.00	1.00	60	242
5.....	do.....	0.720	1.6667	25.7206	1.2000	18.5188	5.25	1.00	50	285
2.....	Copper.....								36	24
1.....	do.....	0.950	3.1100	47.9948			20.00	1.00	3	60
½.....	do.....	0.950							4	26
Total.....									434	1,456

¹ In addition to the coins shown, there is a limited amount of old copper "peso" and "centavo" coins in circulation.

² Alloy is copper.

³ Tin, 0.040; and zinc, 0.010.

NOTE-ISSUING AUTHORITY

The only note-issuing authority is the Banco Central de Guatemala. The Government owns 40 percent of the shares and has two seats on the board of directors. This board consists of nine members appointed for 2 years.

RESERVE REQUIREMENTS

Article 27 of the statutes of the Banco Central requires the bank to maintain a reserve in gold and silver in its vaults or in sight deposits abroad payable in gold equivalent at least to 40 percent of its notes in circulation. Not less than one-third of the 40 percent reserve must be kept in its own vaults, but this may include Guatemalan silver coins in an amount not exceeding 10 percent of the notes outstanding.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

By legislative decree no. 1984 of April 20, 1934, the exportation of gold in any form, except articles of personal use, is prohibited unless it is effected through the Central Bank under a special permit of the Department of Currency and Banking.

By executive decree no. 1659 of May 6, 1935, the exportation of silver in any form, excepting articles of personal use, was prohibited unless effected under authority of the Department of Currency and Banking and through the Central Bank. The alienation and acquisition of silver in any form by persons or companies except the bank was also prohibited.

There is little or no smuggling of gold or silver.

GOLD

The gold reserves as of May 31, 1935, were as follows:

	Quetzales
National gold coins.....	1,201,835.00
Gold purchased locally since 25-percent premium was allowed.....	456,054.75
American gold coin.....	690,190.00
Gold bars in New York.....	712,423.18

Gold is being purchased at a premium of 25 percent under a decree issued in March 1934.

The Central Bank is aware that certain individuals are holding gold coin, but the precise amounts are not known.

THE GOLD CLAUSE

There has been no legislation regarding the gold clause in contracts. By means of foreign exchange operations the quetzal is being maintained at parity with the American dollar, and the gold clause is considered as in suspense.

SILVER

For information on silver, see Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

Silver coins of 1 quetzal and silver coins of 50 centavos have been demonetized. These coins had a fineness of 0.720 and weighed 33½ and 16½ grams, respectively.

HAITI

The official unit of currency of Haiti is the gourde (abbreviation g. or gde.), divided into 100 centimes. The gourde is pegged to the United States dollar at the fixed rate of 5 gourdes to the dollar.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the following tables.
No old issues of notes are in circulation. United States notes and coins enjoy considerable circulation.¹
The use of checks is limited.

Paper Currency of Haiti

Denomination	Dimensions	Amount outstanding Sept. 30, 1935 (in gourdes)
100 gourdes.....	6¾ by 2¼ inches.....	417, 200
50 gourdes.....	6¾ by 2¼ inches.....	925, 250
20 gourdes.....	6¾ by 2¼ inches.....	125, 180
10 gourdes.....	6¾ by 2¼ inches.....	457, 210
5 gourdes.....	6¾ by 2¼ inches.....	988, 675
2 gourdes 1.....	4¾ by 2½ inches.....	3, 761, 713
1 gourde 1.....	4¾ by 2½ inches.....	
Total.....		6, 675, 228

¹Approximately 56 percent of all notes in circulation consist of 1- and 2-gourde notes.

Coins of Haiti

Denomination	Metal of chief value	Gross weight		Diameter (millimeters)	Thickness (millimeters)	Amount outstanding Oct. 15, 1935 (millions of gourdes)
		Grams	Grains			
50 centimes.....	Nickel.....	9.8800	152.5680	29	1.93	
20 centimes.....	do.....	7.5500	116.5110	26	1.83	
10 centimes.....	do.....	4.0000	61.7280	22	1.33	
5 centimes.....	do.....	2.6500	40.9140	20	1.14	
Total.....						3.6

NOTE-ISSUING AUTHORITY

The Banque Nationale de la Republique d'Haiti (the Central Bank) is the only agency that has the authority to issue notes. The Government has a controlling voice in the policies of the bank.

RESERVE REQUIREMENTS

The notes issued by the National Bank of Haiti must be fully secured by United States currency and two-name commercial paper maturing in not more than 120 days. The United States currency portion of the reserve must be not less than one-third of the outstanding note circulation of the bank; at least one-half of such currency must be held in the vaults of the bank, which may deposit the

¹ The National Bank of Haiti estimated that on Sept. 30, 1931, there was about \$680,000 United States currency, or approximately 24.4 percent of the total currency in circulation.

remainder locally or in an approved bank in the United States. Haitian Government bonds may be substituted in an amount not exceeding \$600,000 for two-name commercial paper constituting the balance of the reserve.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

By proclamation of the President of the Republic, on January 16, 1935, the exportation of gold in bullion, money, jewelry, or other form was prohibited.

Smuggling is not believed to be extensive.

GOLD

On September 7, 1935, the Banque Nationale de la Republique d'Haiti had on hand United States gold pieces having a face value of \$171,487.50. This money consisted of \$5, \$10, and \$20 gold pieces. Gold is not purchased at a premium by the Government or Central Bank of Haiti, and it is not hoarded to any extent.

THE GOLD CLAUSE

There is no gold clause covering Haitian contracts.

SILVER

The only silver coins in circulation in Haiti are those of the United States. It is difficult to determine the amount of such coins in the hands of the banks and the general public.

HONDURAS

The monetary unit of Honduras is the lempira (abbreviation l.), divided into 100 centavos. The par value of the lempira is \$0.50.

DESCRIPTION AND CIRCULATION OF CURRENCY

Details of the currency circulation are shown in the accompanying tables.

Gold coins, although not in circulation, are full legal tender. They have been issued in denominations of 20 and 10 lempiras.

The data given on pages 65 and 66 of Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, is correct at the present time, with the following exceptions: (1) Subsidiary coins of denominations below .50 lempira are legal tender up to 5 percent of the total payment being made, and (2) copper .02-lempira pieces are legal tender only up to 1 percent.

Although the lempira currency is theoretically backed by gold, the backing is actually as indicated under reserve requirements, below. Since 1931, the coinage of subsidiary metal currency has been authorized in order to bring the total up to 4,000,000 lempiras.

Some American 1-cent pieces are in use. No other foreign coins, except gold, are on hand in Honduras at the present time, and the gold coins are not in actual circulation. The old foreign silver coins were all melted and made into Honduran currency. The only foreign currency now in circulation is an indefinite and varying amount of United States paper money which is imported by the fruit companies from time to time with the permission of the Exchange Control

Commission in order to meet pay rolls when sufficient lempira currency is not available. This American paper circulates freely only on the north coast and is rarely seen in other parts of the country.

No old Honduran coins except the 2-centavo piece are now in circulation. No 2-centavo pieces have been minted in recent years.

The use of checks has increased considerably since 1931.

Paper Currency of Honduras Outstanding Apr. 30, 1935

Denomination	Value (thousands of lempiras)	Issuing authority
20 lempiras.....	1,700 500	Banco Atlantida. Banco de Honduras. ¹
10 lempiras.....		
5 lempiras.....		
2 lempiras.....		
1 lempira.....		

¹ About 5,000 pesos in old Banco de Honduras 50- and 100-peso notes are still outstanding, redeemable in lempira coins.

NOTE.—Notes of the Banco Atlantida measure 16.4 by 7.1 centimeters; those of the Banco de Honduras, 15.5 by 6.5.

Coins in Circulation in Honduras on Apr. 30, 1935

Denomination	Metal of chief value	Fine- ness	Gross weight		Silver content		Diam- eter (mm)	Thick- ness (mm)	Amount out- standing (thou- sands of lemp- iras)
			Grams	Grains	Grams	Grains			
1 lempira.....	Silver.....	0.900	12.50	192.9045	11.250	173.6140	31	2.0	2,550
50 centavos.....	do.....	.900	6.25	96.4523	5.625	86.8070	24	1.8	800
20 centavos.....	do.....	.900	2.50	38.5809	2.250	34.7228	18	1.2	350
10 centavos.....	Nickel.....	1.250	7.00	108.024	-----	-----	26	1.8	150
5 centavos.....	do.....	1.250	5.00	77.1618	-----	-----	21	1.8	150
2 centavos.....	Copper.....	2.950	3.00	46.2971	-----	-----	19	1.3	(?)
Total, exclud- ing copper.....	-----	-----	-----	-----	-----	-----	-----	-----	4,000

¹ Alloy is copper.

² Alloy is tin and zinc.

³ Unknown.

NOTE-ISSUING AUTHORITY

The Banco Atlantida and the Banco de Honduras, two private banks, are the sole note-issuing authorities. They operate under Government concessions.

RESERVE REQUIREMENTS

The metallic currency is backed by reserves of United States dollars, gold coin, and lempira deposits in local banks. On April 30, 1935, these reserves were as follows:

	United States dollars
Dollar deposits abroad.....	860,396
Dollars in local banks.....	33,998
Gold coin in local banks.....	59,270
Lempira deposits in local banks.....	49,873
Total.....	1,003,537

The reserves against the bank notes are in lempira coinage and are fixed at 40 percent for the Banco de Honduras, and 50 percent for the Banco Atlantida. According to the banks' charters, the reserves should be in gold; but since the Government does not redeem the lempira in gold, the banks are permitted to keep their reserves for

note issues in lempira silver coin. Silver bullion may not be included in the reserves.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

By decree no. 141 of March 27, 1934, the exportation of gold from Honduras was placed under control of the Exchange Control Commission, and no shipment can be made without its approval. However, since the Honduras Government has not been able to purchase the gold produced in the country, permission was granted for the exportation of 6,202 ounces from June to November 1934, and larger quantities appear to have been exported since that time. There appears to be no actual restriction of normal exports.

There are no restrictions upon the exportation of silver, nor upon the importation of bullion.

Although the provision of law prohibiting the importation of silver coins of other countries appears never to have been repealed, such coins no longer have any monetary value in Honduras and there is no incentive for their importation.

GOLD

The official gold reserve against the metallic currency was, on April 30, 1935, \$59,270. Private gold holdings are not known, but they are believed to have been considerably depleted, owing to unusually large exports.

Larger commercial houses and banks buy from prospectors small quantities of gold at the rate of 50 lempiras per troy ounce. This gold is probably exported by the purchasers at a profit.

THE GOLD CLAUSE

By decree no. 141 of 1934, all contracts specifying payment in foreign money (including United States gold) are legally payable in lempiras at the current rate of exchange. According to actual practice, contracts in American gold dollars are converted on the basis of the devalued dollar.

SILVER

Since silver coin, but not silver bullion, is used for reserve purposes, the only such bullion in the country is that held by the mining companies pending exportation.

The position of silver in the monetary system of Honduras is as described in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, subject to the changes mentioned above.

HONG KONG²²

The unit of currency is the Hong Kong (British) dollar (symbol HK\$), divided into 100 cents. The Hong Kong dollar was on a silver standard until November 1935 when an embargo was placed on the export of silver. Following this action, further steps were taken to control the currency and exchange situation. On December 5, 1935, the colony nationalized silver, requiring the surrender of all silver in excess of 10 Hong Kong dollars.

Henceforth, only notes of the three issuing banks would be legal tender. Arrangements were made to exchange notes for silver coin at par, and for bullion at an established rate. Likewise, foreign

²² For details not here included, see Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

currency in common use in the colony (British dollars and Mexican dollars) was to be turned over to the authorities. A word of explanation regarding the latter is necessary.

According to an order in council of February 2, 1895, the Mexican dollar, in general use for several decades, was proclaimed the standard currency. The Hong Kong dollar was to conform to it in weight and fineness. Although the silver content of the Mexican dollar has been slightly in excess of the Hong Kong dollar the difference has not been great enough to prevent a parity in value in local transactions. The so-called British dollar has the identical dimensions and silver content of the Hong Kong dollar and is distinguished from the latter by the English inscription "One dollar." It has been minted in London and in Bombay.

The monetary decree of December 5, 1935, placed the currency on a managed basis. No official parity was declared, although during December 1935 and January 1936 the rate fluctuated between 32.2 and 32.7 cents United States currency, which was therefore assumed to be the pegged rate pro tempore. During this period substantial amounts of silver were sold in London by the Colonial Government for the purpose of establishing an exchange equalization fund.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Paper Currency of Hong Kong¹

Denomination (Hong Kong dollars)	Amount outstanding on Oct. 30, 1935		
	Chartered Bank of India, Australia, and China	Hong Kong and Shanghai Banking Corporation	Mercantile Bank of India
500.....	HK\$4,185,000	(²)	---
100.....	4,496,900	(²)	HK\$1,351,800
50.....	1,535,225	(²)	124,500
25.....	---	(²)	6,700
10.....	5,297,730	(²)	140,770
5.....	1,052,695	(²)	39,940
1.....	---	(²)	---
Total.....	16,817,450	---	1,609,760

¹ The notes are engraved in England on watermarked paper. There are no standard dimensions. A 1930 report gave the sizes of notes in common circulation as follows: Hong Kong and Shanghai Banking Corporation, new issue, HK\$1, 3½ by 5½ inches; HK\$5, 4 by 7 inches; HK\$10, 4½ by 7½ inches. Old issue, HK\$1, 3½ by 5½ inches; HK\$10, 4½ by 8½ inches. Chartered Bank of India, Australia, and China: HK\$5, 4½ by 8 inches; HK\$10, 5 by 8 inches; HK\$50, 5 by 7½ inches. The notes in most common circulation were, in 1930, the new issue of the \$1, \$5, and \$10 notes of the Hong Kong and Shanghai Banking Corporation.

² Not available.

³ Rarely encountered.

Coins of Hong Kong

Denomination	Metal of chief value	Fine-ness	Gross weight		Silver content		Diam-eter	Thick-ness ¹
			Grams	Grains	Grams	Grains		
1 dollar ¹	Silver.....	0.900	26.9563	416.0000	24.2607	374.4000	mm	mm
50 cents ¹	do.....	.800	13.5757	209.5200	10.8613	167.6160	31.013	2.0244
20 cents ¹	do.....	.800	5.4307	83.8100	4.3445	67.0464	23.139	1.5443
10 cents.....	do.....	.800	2.7153	41.9000	2.1723	33.5232	18.034	1.3157
5 cents.....	do.....	.800	1.3577	20.9500	1.0861	16.7616	15.696	.9677
1 cent.....	Copper.....	---	7.5035	115.7300	---	---	27.601	1.7094

¹ Measurement at edge. The thickness at the center is slightly less.

² 0.78 fine ounce troy.

³ Comparatively rare.

NOTE-ISSUING AUTHORITY

The only note-issuing agencies in Hong Kong, are the three commercial banks of British nationality, whose charters authorize them to issue notes. These banks are: Hong Kong and Shanghai Banking Corporation; Chartered Bank of India, Australia, and China; and Mercantile Bank of India, Ltd.

Theoretically the banks of issue in Hong Kong are independent of Government control, except that the Chartered Bank and the Mercantile Bank must deposit with the Government a sufficient amount of silver and/or readily salable securities to redeem their notes, while the Hong Kong and Shanghai Bank must cover by a similar deposit all notes issued in excess of its paid-up capital of 20,000,000 Hong Kong dollars. Because the Government lacks storage facilities for the very considerable amount of silver, the metallic backing of the notes is actually left in the vaults of the note-issuing banks; but as the Government holds the keys to these vaults, the silver may be removed only with the consent of the Government, and in emergencies it would be within the power of the Government to control the use of the silver so deposited.

RESERVE REQUIREMENTS

The statutes of the Hong Kong and Shanghai Banking Corporation, which were adopted with the consent of the local Government of Hong Kong and the Colonial Office in London, permit the issuance of notes up to the amount of its capital without other security. Any amount above the capital must be secured by silver dollars to the extent of 100 percent, or by acceptable securities deposited with the Government agents. The other two banks must secure all notes by depositing actual silver dollars or bullion, or acceptable securities with the Government agents. It is thus clear that silver may be and is included as the sole basis of note issues.

According to a statement of the Treasurer of the Crown Colony of Hong Kong, the Government of the Colony held in August 1935 \$64,150,539 in coins and 37,159,539 fine ounces of bar silver.

According to the latest regular statement of the Colonial Secretary, returns of the average amount of bank notes in circulation and of specie in reserve in Hong Kong, during the month ended September 30, 1935, as certified by the managers of the respective banks are shown in the following table:

Returns of Average Amount of Bank Notes in Circulation and of Specie in Reserve, in September, 1935

[Hong Kong dollars]		
Bank	Average amount	Specie in reserve
Chartered Bank of India, Australia, and China.....	14,071,657	¹ 8,300,000
Hong Kong and Shanghai Banking Corporation.....	114,852,851	² 89,200,000
Mercantile Bank of India, Ltd.....	1,093,503	³ 1,350,000
Total.....	130,618,011	98,850,000

¹ In addition, sterling securities are deposited with the Crown agents valued at £765,000.

² In addition, securities deposited with the Crown agents and Straits Government valued at £3,284,000.

³ In addition, securities deposited with the Crown agents valued at £190,000.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

On June 8, 1935, the Hong Kong Government issued a decree in the following terms restricting the dealing in silver coin and bullion:

No person shall, after midnight of Saturday, June 15, 1935, except under an export permit granted in his discretion by the Superintendent of Imports and Exports, export from the Colony to any country or place other than China:

1. Any silver coin minted in China; or
2. Any silver bullion other than silver bars, the product of refineries outside the Colony of Hong Kong or China.

The restrictions introduced in June, however, did not prove sufficient in view of the serious monetary conditions fomenting in China. Hong Kong was unable to escape the pressure on the Chinese currency which began with accelerated intensity in September 1935. From an average exchange rate of approximately 50 cents, United States currency, the Hong Kong dollar fell to 36.5 cents in November.

The decree of December 5, nationalizing silver, prohibited any exportation thereof but permitted holders of silver to store the metal pending arrangements for delivery to the colonial authorities.

Although it is naturally not possible to estimate the amount of silver which has been smuggled out of China into Hong Kong, it is generally believed that until the enactment of the recent stringent laws by the Chinese Government smuggling was very general, and, indeed, the rather large exports of silver coin from this Colony tend to substantiate these rumors.

GOLD

No gold is held either by the Government or by any of the banks in Hong Kong as reserve against currency issues.

Gold is not being purchased at a premium by the Government or by any bank.

The hoarding of gold in Hong Kong is practically nonexistent. Very few gold coins are offered by the many money changers in the city; and although occasional shipments of gold to Europe and to the United States are made by the banks of Hong Kong, all such metal represents purchases made in other parts of the world. The source of the gold exported cannot be learned definitely, and it is believed that the major portion of the gold exported from this Colony is brought in unmanifested, perhaps much of it carried by incoming passengers. At any rate, the manifested shipments of gold bars, ingots, and coin greatly exceed the amounts shown as imported into the Colony. It is known also that a certain amount of the gold bars arise from the melting of jewelry and old coins by local dealers in precious metals.

THE GOLD CLAUSE

Inasmuch as gold has no legal status as money in Hong Kong, domestic contracts are reported on good authority never to contain the gold clause.

SILVER

The Treasurer of the Crown Colony of Hong Kong states that it is impossible to obtain accurate and complete information as to the silver stock held in Hong Kong. However, he estimates (as of Aug. 1, 1935) the amounts of silver held by various owners, in millions of Hong Kong dollars, as follows:

	Face value
The general public.....	50. 0
In bank vaults (not in circulation).....	50. 0
Government.....	142. 4
Subsidiary coinage.....	4. 0
Total.....	246. 4

In connection with the foregoing figures, the Colonial Treasurer emphasizes that, with the exception of the amount held by the Government, these figures are merely estimates, and bankers interviewed in connection with this report all stated that it is impossible to ascertain accurately the amount of money which is in the hands of the public or of the banks. As to subsidiary silver, the Colonial Treasurer stated under date of August 1, 1935:

There is also the silver subsidiary coin to be taken into account. I put this at somewhere about \$18,000,000, but here again it is impossible to say how much is in Hong Kong. A great deal we think is in Kwangtung, and it may be that a great deal of this \$18,000,000 has been melted down. Indeed, this is more than probable. So that it is really impossible to estimate what subsidiary coin is in circulation. In Hong Kong itself I would say about \$3,000,000 to \$4,000,000. Most of this is in 10-cent pieces; and as the other silver subsidiary coin bears practically the same relation in value and silver content, it can be assumed that \$4,000,000 of subsidiary coin equals 40,000,000 10-cent pieces. A 10-cent piece is 0.800 fine and weighs 41.90 grains.

HUNGARY

The monetary unit is the pengő, (abbreviation p.), divided into 100 fillers. The pengő has a par value of approximately \$0.2961. The plural form of pengő is the same as the singular.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

There are no prohibitions on the importation of foreign notes, but no foreign notes are in circulation. The use of checks is limited.

Paper Currency of Hungary ¹

Denomination	Dimensions	Amount outstanding Sept. 30, 1935 (millions of pengő)
1,000 pengő.....	191 by 112 millimeters.....	1.9
100 pengő.....	177 by 91 millimeters.....	200.8
50 pengő.....	168 by 87 millimeters.....	42.6
20 pengő.....	165 by 85 millimeters.....	69.2
10 pengő.....	160 by 80 millimeters.....	74.2
Total.....		388.7

¹ Engraved on domestic cotton, hemp, and linen paper. The bank note paper is of high quality and has excellent durability and adaptability. Counterfeiting of notes is prevented by diversification of motives in engraving, complicated details, and fine gradations in color backgrounds. The intricacy of design and color are insured by a second impression.

Coins of Hungary

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding Sept. 30, 1935 (millions of pengö)
			Grams	Grains	Grams	Grains			
5.00 pengö	Silver	1.640	25.0000	385.8087	16.0000	246.9176	36	2.87	17.7
2.00 pengö	do	1.640	10.0000	154.3235	6.4000	98.7670	27	2.11	12.6
1.00 pengö	do	1.640	5.0000	77.1617	3.2000	49.3835	23	1.17	28.8
.50 pengö	Nickel	1.250	5.0000	77.1617	-----	-----	22	1.40	8.4
.20 pengö	do	1.250	4.0000	61.7294	-----	-----	21	1.30	4.0
.10 pengö	do	1.250	3.0000	46.2970	-----	-----	19	1.19	3.2
.02 pengö	Copper	1.950	3.3333	51.4406	-----	-----	19	1.35	2.1
.01 pengö	do	1.950	1.6667	25.7211	-----	-----	17	0.81	0.6
Total									72.4

¹ Alloy is copper.² Tin, 0.040; zinc, 0.010.

NOTE.—Legal tender limits are as follows: 5 pengö, silver, 250 pengö; 2 pengö, silver, 100 pengö; 1 pengö, silver, 50 pengö; 0.50 pengö, nickel, 20 pengö; 0.20 pengö, nickel, and 0.10 pengö, nickel, together 10 pengö; 0.02 pengö, copper, and 0.01 pengö, copper, together 2 pengö. In the case of the 5-, 2-, and 1-pengö coins the Treasury, Public Cash Offices and the National Bank of Hungary accept them in unlimited amounts.

NOTE-ISSUING AUTHORITY

The only note-issuing authority is the National Bank of Hungary (Magyar Nemzeti Bank).

The Governor of the National Bank is nominated by the Minister of Finance and appointed by the Head of State. To exercise the Government's right of supervision, a Government commissioner and a deputy commissioner are nominated by the Minister of Finance and appointed by the Head of State.³³

RESERVE REQUIREMENTS

The organic act of the National Bank requires that the entire amount of its notes in circulation—to which are added demand liabilities (deducting, however, the sum represented by the debt of the State)—must be covered during the first 5 years (up to 1929) to the extent of 20 percent, during the next 9 years (up to 1938) to the extent of 24 percent, during the next 5 years (up to 1943) to the extent of 28 percent, and during the remainder of the charter period to the extent of 33½ percent by the metallic reserve, the latter to include foreign currencies, foreign exchanges, and token money.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Order in council no. 4500 (M. E. ex 1931), which became effective August 8, 1931, prohibited the taking out of the country without the consent of the National Bank of Hungary, any money, coined or uncoined, and unworked gold and silver and platinum. A later order (Mar. 5, 1935) concerns the declaration of gold holdings and the restrictions of legal transactions relating to gold.

³³ On the proposal of the Government to be made in accordance with the suggestion of the High Commissioner of the League of Nations . . . the Head of State shall appoint an adviser to be attached to the National Bank of Hungary (art. 121 of Statutes of National Bank of Hungary).

The adviser is entitled to be present in an advisory capacity at all meetings of the General Assembly, the Board of Directors, the Executive Committee and the Board of Management. The adviser is entitled to protest against any decision of these bodies, which protest shall have the effect of suspending proceedings . . . The final decision respecting the protest shall, after consultation with the management of the bank, rest with the High Commissioner of the League of Nations . . . (art. 123 of Statutes of National Bank of Hungary).

There is a certain amount of smuggling of gold and silver out of the country, but it is not believed to be extensive. Estimates are not obtainable.

GOLD

The gold reserves held by the National Bank of Hungary as of September 30, 1935, were 78,900,000 pengö, which corresponds to 20,805 kilograms fine gold.

Order in council no. 2360 (M. E. ex 1935) issued on March 5, 1935, provides that all dealings in gold, except for restricted commercial purposes, are illegal unless the permission of the National Bank is obtained. The Central Corporation of Banking Companies (Penzintexeti Központ), however, is authorized to buy gold offered at a price which it fixes from day to day, and on March 7, 1935, it began to buy gold at the price of 6,000 pengö per kilo (parity rate 3,800 pengö). This price was gradually reduced and in October 1935 ranged from 5,760 to 5,800 pengö per kilo.

There may be a certain amount of gold hoarding by the public; a very considerable amount has been offered for sale to the Central Corporation of Banking Companies since the above-mentioned order in council was issued. No data on the amount of gold hoarded at present are available.

THE GOLD CLAUSE

The legal provisions in Hungary regarding the gold clause in contracts may be summarized in the following paragraphs.

According to orders in council nos. 4660 (M. E. ex 1931) and 4600 (M. E. ex 1931), all debts incurred prior to the day of the establishment and publication of a future modification, if any, of the present parity (1 gold pengö = 1 pengö), as well as public contributions, are to be regarded as established in terms of gold pengö, if the agreement contains no stipulations to the contrary.

According to order in council no. 410 (M. E. ex 1932) liabilities based on commercial transactions, bills of exchange, or on any civil law title that are payable in gold or gold coins may be legally satisfied by the debtor by tendering pengö currency. The creditor is not, however, obliged to accept payment in currency; if gold is not tendered, he may ask that payment be postponed. In that event he is not entitled to demand payment in legal tender while that order in council continues in force. For the conversion 0.26315789+ grams of fine gold must be taken as the equivalent of 1 gold pengö. These provisions have been renewed periodically, the last renewal being made by order in council no. 10810 (M. E. ex 1935) to December 22, 1935. At every renewal, opportunity has been given to creditors who have exercised their option to postpone payment, to demand, within 30 days, payment in legal tender.

The provision that the debtor may, but is not obliged to, pay in actual gold and the creditor is entitled to refuse payments not offered in gold, has been modified by order in council no. 2360 (M. E. ex 1935), to the effect that payments in gold or gold coins are subject to the authorization of the National Bank.

According to order in council no. 7600 (M. E. ex 1933) debtors are obliged to deposit pengö against amounts due in dollars at the National Bank's published selling rate for dollars³⁴ on the business day imme-

³⁴ Fixed by the National Bank on the basis of the theoretical gold content of the pengö.

diately preceding the deposit. This stipulation applies even if the obligation calls for payment in gold dollars.

SILVER

No silver bullion is held in the reserves of the National Bank, but these reserves include 5-, 2-, and 1-pengö silver coins. The subsidiary money is coined by the Government and taken over at its nominal value by the National Bank.

The weight of fine silver in monetary use, as of September 30, 1935, was as follows:

	Kilograms
Held by the general public.....	189, 156
Held by the National Bank of Hungary.....	9, 684
Held by the Government.....	2, 368
Total.....	201, 208

IRAN (PERSIA)

By law of March 13, 1932, the then existing monetary unit, the kran, was superseded by the rial, which is divided into 100 dinars. A gold pahlavi (100 rials) and a gold $\frac{1}{2}$ -pahlavi piece were simultaneously introduced into the currency system of the country. There was at that time a great deal of discussion among Government and banking officials regarding the desirability of abandoning the silver standard in favor of the gold standard, but up to the present time (February 1936) this has not been done. No definite parity has been established for the rial and the currency is on a managed basis, the Melli Bank maintaining varying rates between the rial and the pound sterling, as policy dictates.

DESCRIPTION AND CIRCULATION OF CURRENCY

The metallic currency is described in the accompanying table.

Notes of 1,000, 500, 100, 50, 10, and 5 rials issued by the National Bank of Iran circulate freely. The dimensions and circulation figures on these notes are unavailable.

Coins of Iran¹

Denomination	Metal of chief value	Fineness	Gross weight		Gold or silver content		Diameter (mm)
			Grams	Grains	Grams	Grains	
1 pahlavi (100 rials) ²	Gold.....	0.900	8.1300	125.555	7.322	112.993	22
$\frac{1}{2}$ pahlavi (50 rials) ²	do.....	.900	4.0650	62.777	3.670	56.635	19
5 rials ³	Silver.....	.828	25.0000	385.800	20.700	319.440	37
5 krans (old).....	do.....	.900	23.2000	358.022	19.209	296.433	26.5
2 rials ³	do.....	.828	10.0000	154.320	8.280	127.776	22.5
2 krans (old).....	do.....	.900	9.2800	143.209	8.352	128.888	22.5
1 rial ³	do.....	.828	5.0000	77.600	4.140	63.888	24.0
1 kran (old).....	do.....	.900	4.6400	71.604	4.176	64.444	24.0
$\frac{1}{2}$ rial ³	do.....	.900	2.3200	35.802	2.088	32.222	21.0
25 dinars ³	Nickel.....	.250	5.0000	77.160	-----	-----	18.5
10 dinars ³	do.....	.250	4.0000	61.728	-----	-----	18.0
5 dinars ³	do.....	.250	2.0000	30.864	-----	-----	16.0
2 dinars ³	Copper.....	.950	2.7500	42.438	-----	-----	16.0
1 dinar.....	do.....	.950	1.667	25.617	-----	-----	16.0

¹ Data regarding the thickness of the coins and the amount in circulation are not available. In addition to the silver coin of $\frac{1}{2}$ rial there is a copper coin of the same denomination. In addition to the nickel coins of 25, 10, and 5 dinars, there are copper coins of the same denominations in circulation. No data are available regarding the fineness and weight of these copper coins.

² The gold pahlavi and the $\frac{1}{2}$ gold pahlavi are objects of value rather than units of exchange, and when they do circulate, the exchange value is considerably above 100 and 50 rials, respectively.

³ Rarely found in circulation.

NOTE-ISSUING AUTHORITY

The sole note-issuing authority in Iran today is the National (Melli) Bank of Iran. The original capital of the bank was entirely subscribed by the Government, and the Government has control over the affairs of the bank both by law and in actual practice. The special committee charged with the administration of the bank's reserve is composed, by authority of a law of March 15, 1932, of seven Government officials, namely, two members of Parliament, a delegate of the Council of Ministers, the Prosecutor General of the Supreme Court, the Director of the National Bank of Iran, the Treasurer General, and the Government's agent at the bank.

RESERVE REQUIREMENTS

Article 6 of the law of March 15, 1932, requires the Government to keep a reserve equal to 100 percent of the value of the bank notes in circulation and the nickel coins issued. This reserve was to be in the form of gold coin and bullion, silver coin and bullion, and the bank notes of countries in which the purchase, sale, exportation, and other transactions in gold are unrestricted. The Government is also required to have in circulation coins equal to at least 60 percent of the value of the bank notes in circulation. The law of September 11, 1934, authorized an increase in note issue from 468,000,000 rials to 1,100,000,000 rials and reduced the gold and silver reserve requirements from 100 to 60 percent.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

By a law passed by Parliament on March 13, 1932, gold can be freely imported, but the exportation of gold and silver and the importation of silver is forbidden, except by the National Bank. This law was effective from the date passed and will remain in effect until repealed. Provisional figures, furnished by the National Bank, for the fiscal year ended June 21, 1934, are as follows:

	Rials
Imports:	
Gold bullion.....	42, 813, 536
Gold coins.....	940, 100
Silver coins.....	675, 664
Exports:	
Silver coins.....	71, 600

During the spring and summer months of 1935 the bullion value of the silver coins in circulation rose above their currency exchange value and smugglers were very active in exporting them. At present, however, smuggling is believed to be less active, as the profits therefrom have decreased as a result of the rise in the value of the rial on foreign exchange markets. Moreover, the risk in connection with smuggling has been increased by the passing of a law which makes it possible for the courts to impose the death sentence on smugglers.

GOLD

The National Bank on September 30, 1935, held gold reserves to the amount of 21,264,873 grams. The Bank purchases all gold offered, but pays no premium for it. Private bankers and the public pay a small premium, which rarely exceeds 1 percent. Considerable hoarding is engaged in by the public during times of wide

fluctuations in the exchange value of the rial, but when the rial is not fluctuating very little gold is hoarded.

THE GOLD CLAUSE

Article 3 of the law of March 15, 1932, states that a rial equals 0.07322382 gram of fine gold, and that the Imperial Mint must strike from 1 kilogram of pure gold 136,5675 pieces of 1 Pahlavi (100 rials). The same article states that the silver rial is legal tender, and that each silver rial is equal to 4.1427 grams of pure silver and, moreover, that the Imperial Mint must strike off 241,548 pieces of 1 rial from a kilogram of pure silver. In view of the changing ratio of the value of silver to gold on the world markets and to the statement in the above-mentioned law that the silver rial is legal tender, the gold clause is not a feature of domestic contracts.

SILVER

On September 23, 1935, the National Bank held silver to the value of 401,757,214 rials. According to estimates made by the National Bank, the Pahlevi and Ottoman Banks held on this date silver to the value of 1,242,786 rials, and the Imperial Bank of Iran, to the value of 14,000,000, making the total held by banks, 417,000,000 rials. The public is believed to have held about 15,000,000 rials. As this silver is in the form of coins of various fineness, it is impossible to ascertain the weight of fine silver held by the banks or by the public.

IRAQ

The monetary unit is the Iraq dinar, divided into 1,000 fils. The dinar has a par value of approximately \$8.2397, as it is pegged to the pound sterling.

DESCRIPTION AND CIRCULATION OF CURRENCY

Control of the currency is vested in a board, known as the Iraq Currency Board, which at present has its seat in London, and acts on behalf of the Iraq Government.

The currency is described in the accompanying tables.

All coins are accepted as legal tender without limitations for the payment of all government debts. For private debts the coins have the following limitations as legal tender: 50-fil coins up to 5 dinars; 20- and 10-fil coins up to 200 fils; coins less than 10 fils for an amount not exceeding 100 fils.

Paper Currency of Iraq¹

Denomination	Dimensions	Amount outstanding on Mar. 31, 1935 (millions of dinars)
100 dinars.....	122 by 200 millimeters	0.1
10 dinars.....	100 by 188 millimeter	.3
5 dinars.....	96 by 176 millimeters	.3
1 dinar.....	91 by 161 millimeters	1.8
½ dinar.....	86 by 151 millimeters	.3
¼ dinar.....	78 by 140 millimeters	.2
Total.....		3.0

¹ The currency notes are engraved, and the head of King Ghazi I, watermarked, with no overprint is a protective device to prevent counterfeiting.

² Increased to 3.6 millions as of July 31, 1935.

Coins of Iraq¹

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Amount outstanding on Mar. 31, 1935 (thousands of dinars)
			Grams	Grains	Grams	Grains	
200 fils (riyal) ¹	Silver.....	0.900	20.00	308.6400	18.000	277.7760	63
50 fils (dirham) ¹	do.....	.500	9.00	138.8912	4.500	69.4458	388
20 fils.....	do.....	.500	3.60	55.5566	1.800	27.7783	41
10 fils.....	Nickel.....	1.000	6.75	104.1660	.....	.....	35
4 fils.....	do.....	1.000	4.00	61.7280	.....	.....	29
2 fils.....	Copper.....	(2)	5.00	77.1600	.....	.....	6
1 fil.....	do.....	(2)	2.50	38.5800	.....	.....	7
Total.....							570

¹ One riyal is one-fifth of a dinar; and one dirham is one-twentieth of a dinar.

² Copper, 0.955; tin, 0.030; zinc, 0.015.

NOTE-ISSUING AUTHORITY

The Iraq Currency Board is the only institution authorized to issue currency notes. Iraq has no national bank; the banking transactions of the Iraq Government are done with the Eastern Bank Limited, of Baghdad, a British concern.

RESERVE REQUIREMENTS

The Currency Board is authorized to invest the assets of the currency reserve fund in securities of, or guaranteed by, States with a currency convertible directly into gold or sterling, except such portion as it may be necessary to retain in cash. The currency law does not specify that silver may be included in the reserves against the currency.

The currency reserve fund on March 31, 1935, amounted to £3,683,258 3s. (\$17,605,974).

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There is no legislation imposing embargoes or restrictions on bullion movements. Gold is believed to be entering Iraq, smuggled from Iran despite the gold-export restrictions there.

GOLD

There is no gold reserve. Gold is not purchased by the Government. The public has always in the past been engaged in gold hoarding, but after the World War, and especially during the last 5 years, the general tendency has been to sell gold in view of the increase in value of that metal. During the years 1930 to 1934 Iraq exported gold coins (mostly Turkish liras) to the value of 1,445,930 dinars and gold metal to the value of 2,170,808 dinars. During this period Iraq imported gold currency to the value of 554,327 dinars and gold metal to the value of 21,533 dinars. The country does not at present possess a large amount of gold; a rough estimate places the gold holdings of the people in both currency and metal at about 2,000,000 pounds sterling (or dinars).

THE GOLD CLAUSE

Article 2 of the Iraq currency law no. 44 for 1931 contains the following provision:

Every contract, sale, payment, bill, note, instrument, and security for money, and every transaction, dealing, matter, and thing whatsoever relating to money

or involving the payment of, or the liability to pay, any money, shall, in the absence of express agreement to the contrary, be deemed to be made, executed, entered into, done, and had in Iraq according to the standard of currency established by this law.

Domestic contracts are ordinarily not drawn in terms of gold currency; but if gold is specified, payment must be made in gold. The connection between the Iraq Government and the petroleum companies operating in the country provides for the payment by the latter of a royalty which is expressed in terms of gold shillings. The Government receives the same in local currency at the current market rate for gold shillings.

SILVER

There has been no new development in the silver situation since the publication of Trade Promotion Series No. 149, The Monetary Use of Silver in 1933. The weight of fine silver in monetary use on March 31, 1935, was 1,455,927.56 ounces troy. Details as to the quantity held by the general public, the banks, or the Government are not available.

IRISH FREE STATE

The monetary unit is the Saorstat pound (symbol £), divided into 20 shillings (s.) of 12 pence (d.) each. The Saorstat pound has a par value of approximately \$8.2397.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency of the Irish Free State is described in the accompanying tables.

Although the minting of gold coins was authorized by the Currency Act of August 20, 1927, none have been minted. Silver coins are legal tender to 40 shillings.

Foreign notes may be freely imported. Only British bank notes are in circulation and these are used only occasionally. British coins are also used.

The use of checks is common.

The Currency Act of 1927 provides in part V, section 45, that legal tender notes shall be current in the same manner and to the same extent as gold coins and legal tender to any amount.

Coins of Irish Free State, Mar. 31, 1935

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding (thousands of pounds)
			Grams	Grains	Grams	Grains			
2½s. (half crown).....	Silver.....	0.750	14.1380	218.1818	10.6085	163.6364	32.28	2.16	363.8
2s. (florin).....	do.....	.750	11.3104	174.5455	8.4828	130.9091	28.37	2.28	272.5
1s. (shilling).....	do.....	.750	5.6552	87.2727	4.2414	65.4545	23.80	1.70	176.0
6d. (sixpence).....	Nickel.....	1.000	4.5359	70.0000	.....	.....	20.98	1.85	73.3
3d. (threepence).....	do.....	1.000	3.2400	50.0000	.....	.....	21.05	1.80	23.0
1d. (penny).....	Copper.....	.955	9.4498	145.8333	.....	.....	30.83	1.90	51.8
½d. (halfpenny).....	do.....	.955	5.6699	87.5000	.....	.....	25.45	1.73	5.7
¼d. (farthing).....	do.....	.955	2.8350	43.7500	.....	.....	20.22	1.34	1.2
Total.....	.....	.....	.....	.....	.....	.....	.....	.....	967.3

¹ Tin, 0.930; zinc, 0.015.

Paper Currency of Irish Free State, Mar. 30, 1935¹

Denomination	Dimensions (inches)	Amounts outstanding ²		
		Legal tender notes	Consolidated bank notes	Total
£100.....	4¼ by 8.....	£87,700	£1,400	£89,100
£50.....	4¼ by 8.....	80,850	650	81,500
£20.....	4¼ by 8.....	40,400	2,540	42,940
£10.....	4¼ by 7½.....	1,206,220	624,200	1,830,420
£5.....	3½ by 6½.....	3,045,570	1,515,195	4,560,765
£1.....	5½ by 5½.....	2,307,976	2,735,445	5,043,421
10s.....	3½ by 5½.....	961,366	.....	961,366

¹ Engraved on rag linen watermarked paper of foreign origin. The watermark and high-class printing with color protection are used to prevent counterfeiting.

² In addition to these notes, £1,116,723 is given as the proportion of old all-Ireland notes attributed to the Irish Free State. Such notes ceased to be issued in May 1929 and have since been in course of withdrawal from circulation and replacement by consolidated bank notes.

Note Circulation and Legal Tender Note Fund, 1931-35

[In millions of pounds]

Average of Saturday figures during—	Note circulation	Note fund	
		British Government securities	Other assets
1931.....	7.1	6.8	0.3
1932.....	7.1	6.8	.2
1933.....	7.5	7.3	.2
1934.....	7.3	7.0	.3
1935 (March).....	7.6	7.3	.3

NOTE-ISSUING AUTHORITY

The sole note-issuing authority is the Currency Commission which consists of three persons appointed by the Minister for Finance and three by the eight principal commercial banks known as the "responsible" banks,³ and of a chairman selected by the six other members, or by the Minister for Finance in case of a tie.

The circulating medium consists of legal-tender notes and consolidated bank notes. Legal-tender notes are issued in the name of the State by the Currency Commission and secured by a fund which consists chiefly of British Government securities (see preceding table) but which, of course, may include gold, balances in London, etc.

The consolidated bank notes are issued by the Currency Commission to the responsible banks in proportion to the extent of their respective assets. The total of such notes may not, however, exceed £6,000,000. They are secured by the entire assets of the banks and by a reserve held by the currency commission.

RESERVE REQUIREMENTS

The legal currency reserve requirements are that the assets shall be in the form of gold coin or bullion, legal-tender money of Great Britain, sterling bank balances, and British Government securities. Silver is not included.

³ These include the Bank of Ireland, Provincial Bank of Ireland, the Northern Bank, the Ulster Bank, Munster and Leinster Bank, the Royal Bank of Ireland, the Hibernian Bank, and the National Bank.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no embargoes or restrictions on bullion movements.

GOLD

According to data furnished by the Department of Finance and by the Currency Commission, the gold reserves of the Irish Free State are negligible. Gold is not being purchased at a premium by the Government.

Hoarding of gold is negligible, according to the above sources of information.

THE GOLD CLAUSE

There has been no determination by law of the legal status of the gold clause in domestic contracts.

SILVER

For information concerning the monetary use of silver, see Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

The weight of domestic issues of silver coin in monetary use as of December 31, 1934, is reported as follows by the Department of Finance:

	Kilograms
The general public.....	52,948
The banks.....	15,324
The Government.....	Nil.
Total.....	68,272

These figures relate to domestic issues only. In addition, an unascertained amount of British token coin is in circulation.

ITALY

The monetary unit is the lira (abbreviation l.), divided into 100 centesimi. The par value of the lira (plural, lire) is approximately \$0.0891.

DESCRIPTION AND CIRCULATION OF CURRENCY

Coins and notes in circulation are described in the accompanying tables.

The legal-tender limits on coins are as follows: Gold, none; silver 20-lira, 1,000 lire; silver 5- and 10-lira, 500 lire; nickel 2- and 1-lira, 50 lire; 50-centesimo, 10 lire; 20-centesimo, 5 lire; 10- and 5-centesimo, 1 lira. (Regarding the silver coins, see paragraphs under Silver.)

Foreign notes and coins may be imported, but none circulate in Italy.

The paper currency is unlimited legal tender.

Protective devices against counterfeiting are: Secret mixing of coloring matter in the watermarked paper used for notes, special varnish, and red ink used for printing the control stamp.

Paper Currency of Italy

Denomination	Composition	Dimensions	Amount outstanding (millions of lire)
1,000 lire.....	New linen ¹	244 by 146 millimeters.....	4,738
500 lire.....	Ramie.....	202 by 112 millimeters.....	2,407
100 lire.....	New linen ¹	193 by 116 millimeters.....	4,296
50 lire.....	do. ¹	173 by 105 millimeters.....	1,356
20 lire.....	(²).....	88 by 52 millimeters ³	(⁴)
10 lire.....	(²).....	88 by 52 millimeters ³	(⁴)

¹ Sometimes mixed with hemp.

² Printed on light gray, watermarked paper.

³ Dimensions do not take in the margins.

⁴ Ministerial decree of June 15, 1935, published in the Official Gazette of July 15, 1935, authorizes a circulation of 850,000,000 lire for these 2 issues.

Coins of Italy

Denomination	Metal of chief value	Fine-ness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Circulation, May 31, 1935 (millions of lire)	
			Grams	Grains	Grams	Grains			Authorized	Outstanding
20 lire.....	Silver.....	0.800	15.00	231.4854	12.000	185.1883	35.5	2.24	290	190.8
10 lire.....	do.....	1.835	10.00	154.3236	8.350	128.8602	27.0	2.22	650	636.7
5 lire.....	do.....	1.835	5.00	77.1618	4.175	64.4301	23.0	1.70	875	807.6
2 lire.....	Nickel.....	.999	10.00	154.3236	.....	.....	29.0	2.05	215	199.3
1 lira.....	do.....	.999	8.00	123.4589	.....	.....	26.5	2.05	170	151.6
50 centesimi.....	do.....	1.975	6.00	92.5941	.....	.....	24.0	2.00	50	37.6
20 centesimi ¹	do.....	1.975	4.00	61.7294	.....	.....	22.5	1.88	45	38.5
10 centesimi.....	Copper.....	4.950	5.40	83.3347	.....	.....	21.5	1.55	61	60.2
5 centesimi.....	do.....	4.950	3.25	50.1552	.....	.....	19.5	1.55	25	21.9

¹ Alloy is nickel.

² Alloy is copper.

³ Zinc, 0.010; tin, 0.040.

⁴ The old 20-centesimo coins are being withdrawn from circulation.

NOTE.—By decree no. 1148, July 18, 1930, the characteristics of new 100-lira and 50-lira gold coins were established, having a gross weight, respectively, of 8.7990 and 4.3995 grams, but these coins were never struck or placed in circulation.

NOTE-ISSUING AUTHORITY

The Bank of Italy (Banco d' Italia) is the only private institution in Italy authorized to issue notes. The Government has a controlling voice in the policies of the bank, both by law and in actual practice, and its representatives and inspectors are permanently installed in the bank.

The State is authorized to issue notes to replace the silver coinage. (See Silver, below.) The Gazzetta Ufficiale of June 15, 1935, contained regulations for the issuance of the State notes. These relate to technical details of their manufacture, which is to be carried out by the Istituto Poligrafico dello Stato; centralization in the Treasury of the service of the new notes; procedure relating to worn-out notes; safeguards against counterfeits, etc. The regulations do not specify the denominations of the new notes. However, it was reported on June 30 that a ministerial decree was under preparation, calling for the issuance of 10-lira notes to be used in retiring the 10-lira and 20-lira silver pieces. According to the same report, the existing 5-lira coins will not as yet be retired.

The declared reason for the new measure is that the cumbersome nature of the coins impedes their circulation, with the result that they accumulate in the banks. While the point is not referred to, the issuance of State notes will make possible a larger circulation of fractional currency, since the latter can be issued not only against the retired coins but also against silver stocks in the Royal Mint.

RESERVE REQUIREMENTS

The Currency Act of December 21, 1927, required that a reserve of at least 40 percent should be maintained against notes in circulation and other sight liabilities. This reserve must be in gold or in exchange on foreign countries whose currency is convertible into gold (art. 4 of royal decree law of Dec. 21, 1927, no. 2325). The 40-percent requirement was temporarily suspended in July 1935, and is not now in effect. Silver may not be included, excepting as described below in connection with decree law no. 874.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

To export gold, a permit must be obtained from the Bank of Italy, but in actual practice this is not obtainable. Hence an effective embargo exists on the exportation of gold. The exportation of silver in any form is prohibited by ministerial decree of May 7, 1935, published in the Official Gazette of May 13.

Smuggling activities are considered to be negligible.

GOLD

The Bank of Italy's 5,828,000,000 lire gold reserve on May 10, 1935, was equivalent to approximately 461,113,000 kilograms. The Federal Reserve Bulletin gives the gold holdings of Italy (Central Bank and Government) on November 30, 1935, as \$351,000,000.

No premium above the statutory price for gold is being paid by the Central Bank or the Government.

Gold hoarding is negligible.

THE GOLD CLAUSE

Articles nos. 1821-1823 of the Italian Civil Code cover the gold clause in domestic contracts as follows:

ART. 1821. The obligation resulting from a loan in currency is always for the specific amount stipulated in the contract. Should an increase or a decrease occur in (the value of) the currency before the period of the loan expires, the debtor must return the specific amount loaned, and he is not obliged to repay this sum other than in the currency in circulation at the time of payment.

ART. 1822. The rule contained in the preceding article has no effect when the loan has been made in gold or silver, and where it has been stipulated to return the same species and quantity. If the intrinsic value of the currency is changed, or if it cannot be procured or has been withdrawn from circulation, the equivalent intrinsic value of the money at the time the contract was drawn up must be returned.

ART. 1823. If bullion or merchandise has been loaned, the debtor must only return the same quantity and quality, irrespective of any increase or decrease in their price.

SILVER

The monetary use of silver in Italy was described in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933. The principal change has been the royal decree law no. 874 dated May

20, 1935, and published in the Official Gazette of June 15, 1935. This decree authorizes the Finance Minister to withdraw silver coins from circulation and issue paper money (biglietti di Stato) in their stead, using the coins thus withdrawn, plus stock of silver now held by the mint, as coverage therefor. The hoarding of silver coins is forbidden, under penalty. Persons found in possession of Italian silver coins after the period fixed for their exchange will be subject to fines ranging from 100 to 2,000 lire. The date when coins will cease to be legal tender was established as December 31, 1936, by a decree of the Finance Minister dated June 15, 1935, and published July 15. The coins are exchangeable, however, until December 31, 1937.

The weight of silver coins outstanding on May 31, 1935, was as follows:

	Kilograms
20-lira coins-----	1, 144, 986
10-lira coins-----	531, 709
5-lira coins-----	674, 380
Total-----	2, 351, 075

This was equivalent to approximately 75,587,001 fine ounces troy.

The Bank of Italy estimates the amount of silver held by the public in the form of bullion at 20,000,000 to 21,000,000 lire. The amount of silver held by the mint is not available, this information being considered confidential.

JAPAN (INCLUDING CHOSEN AND TAIWAN)**

The monetary unit is the yen (symbol ¥), divided into 100 sen. The yen has a par value of approximately \$0.8440.

DESCRIPTION AND CIRCULATION OF CURRENCY

Details of metal and paper currency outstanding in Japan are shown in the accompanying tables. Data on the outstanding circulation of the various kinds of coins and of the various denominations of notes are not available in detail. (For data on silver coins see "Silver" below.)

Coins of Japan

Denomination	Metal of chief value	Fineness	Gross weight		Gold or silver content		Diameter ¹ (mm)
			Grams	Grains	Grams	Grains	
20 yen-----	Gold-----	0.900	16.6667	257.2059	15.0000	231.4853	28.7850
10 yen-----	do-----	.900	8.3333	128.6030	7.5000	115.7427	21.2100
5 yen-----	do-----	.900	4.1667	64.3015	3.7500	57.8713	16.9980
50 sen-----	Silver-----	.720	4.9500	76.3902	3.5640	55.0009	23.4977
20 sen-----	do-----	.720	1.9800	30.5561	1.4256	22.0004	16.9983
10 sen-----	do-----	.720	0.9900	15.2780	0.7128	11.0002	11.9991
5 sen-----	Nickel-----	.250	3.7500	57.8713	-----	-----	22.1190
1 sen-----	do-----	.250	2.6250	40.5099	-----	-----	19.0890
1 sen-----	Copper-----	.850	3.7500	57.8713	-----	-----	23.0280

¹ Data as to thickness of the coins are not available.

² Copper 0.750.

³ Tin 0.040; zinc 0.010.

** The currency system is described in detail in The Currency System of Japan, Trade Information Bulletin No. 673, by Herbert M. Bratter, sold at 10 cents per copy by the Government Printing Office, Washington, D. C. See also Japanese Banking, Trade Promotion Series No. 116, by Herbert M. Bratter, sold at 50 cents a copy.

Paper Currency of Japan

Issuing authority and denomination	Dimensions	Circulation, May 31, 1935 (mil- lions of yen) ¹
Government:		
0.50 yen.....	103.020 by 85.145 millimeters.....	
0.20 yen.....	92.112 by 58.782 millimeters.....	
0.10 yen.....	86.658 by 54.540 millimeters.....	
Total, Government.....		11.2
Bank of Japan:		
200 yen.....	188 by 97 millimeters.....	
100 yen.....	123 by 73 millimeters.....	
20 yen.....	180.285 by 104.232 millimeters.....	
10 yen.....	149.379 by 86.658 millimeters.....	
5 yen.....	139.38 by 79.386 millimeters.....	
1 yen.....	136.35 by 78.78 millimeters.....	
	130.993 by 73.679 millimeters ²	
	142 by 84 millimeters.....	
Total, Bank of Japan.....		1,201.6

¹ Totals published monthly in Bank of Japan's Monetary Statistics.

² New.

³ Excluding 79,234,000 yen held as reserves by the other banks of issue.

In addition to the notes of the Government and of the Bank of Japan, there were in circulation on May 31, 1935, 146,700,000 yen of notes issued by the Bank of Chosen and 55,200,000 yen issued by the Bank of Taiwan.

Japanese paper currency is engraved, the plates being made at the Government Printing Bureau. Special note paper is manufactured in the Government paper mills. The paper is made from a certain kind of mulberry tree. The quality of the paper and ink and the type of print are distinguishing points to prevent counterfeiting.

Foreign currency may be imported, but none circulates in Japan.

NOTE-ISSUING AUTHORITY

With the exception of Government fractional notes issued during 1916-18 and now obsolete, all bank notes in Japan proper are the issue of the Bank of Japan, the central bank. In Chosen, the Bank of Chosen has the sole right of note issue, and in Taiwan, the Bank of Taiwan.

The Bank of Japan is a limited stock company. Theoretically, the Government does not have the controlling voice in the policies of the bank. In fact, however, the bank's policy is always in accordance with that of the Government. By a law of June 1932 there was created an advisory council, the members of which are appointed by the Minister of Finance from men engaged in industry or finance. The function of the council is to act in consultation with the governor of the bank on matters relating to the policy and operation of the bank.

RESERVE REQUIREMENTS

The Bank of Japan may issue its bank notes to any amount against specie reserve of gold and silver, provided that the value of silver shall not exceed one-fourth of the total. The bank is also authorized to

make fiduciary issues against Government bonds or other specified securities up to 1,000,000,000 yen. An additional fiduciary issue over and above this limit may be made, provided, however, that in case such an excess issue is to continue beyond 15 days the bank shall obtain the approval of the Minister of Finance therefor, and that it shall pay a tax on the same as from the sixteenth day at a rate of not less than 3 percent per annum.

Actually, the official reserve of the Bank of Japan is all in gold.

The Bank of Chosen may issue notes to an unlimited amount against gold specie or Bank of Japan notes, but its fiduciary issue is limited to 50,000,000 yen, which must be secured by national and other bonds and commercial bills of a reliable nature. In case of necessity, the bank may be allowed to issue additional fiduciary notes subject to a tax of at least 5 percent per annum.

The Bank of Taiwan may issue notes to an unlimited amount against gold specie. The bank is authorized to make fiduciary issues in an amount not exceeding 20,000,000 yen, which must be secured by Government paper money and securities, notes of the Bank of Japan, and other bonds and commercial bills of a reliable nature. Additional issues are permitted subject to a tax of at least 5 percent per annum.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

An embargo on the export of gold was declared on December 13, 1931, and is still in force. No restrictions exist on imports of gold or on the movement of silver.

Export smuggling of gold from Japan is believed to exist on a very limited scale. Considerable silver finds its way into Japan from China and Manchuria by way of Chosen. It is then refined and exported to London. During the first 8 months of 1935, recorded exports of silver from Japan were valued at 123,185,000 yen compared to 5,944,000 yen in the corresponding period of 1934. Officially recorded imports during the same period were only 860 yen as against 331,000 yen for the first 8 months of 1934.

GOLD

The gold reserves of the Bank of Japan on June 1, 1935, were valued at 477,882,304 yen. The statutory value of gold in Japan is five yen per momme of 3.75 grams. On this basis the 477,882,304 yen of gold was equivalent to 95,576,476 momme, or 358,411,784 grams. One momme = 0.12057 ounces troy.

The Gold Purchase Law of March 1934 became effective April 7, 1934. This law was enacted to compensate the Bank of Japan for losses incurred in acting as the Government's purchasing agent and depository for newly mined gold. It provides: (1) That the purchase of all gold for the Government's account shall be made through the Bank of Japan at a price approved by the Minister of Finance; (2) that such gold shall be added to the bank's note-issue reserve; (3) that losses incurred by the bank through buying gold at prices above the statutory purchase price and entering it on its books at the statutory price of 5 yen per momme shall be borne by the Government and covered by noninterest-bearing Government notes limited in amount to 100,000,000 yen; and (4) that all profits to be later realized on the gold shall go to the Government.

At the end of 1933 the Government's purchase price of gold was 2.65 yen per gram, or 9.94 yen per momme. On April 7, 1934, the price was raised to 2.95 yen per gram, or 11.06 yen per momme. By April 11, 1935, the price had been advanced to 3.09 yen per gram, or 11.58 yen per momme, this being the price on June 1, 1935. The Government's purchase price has been consistently maintained at about 2.95 yen per momme below the prevailing London and New York prices.

No estimates are available to indicate the amount of gold held by the public. It is believed that some hoarding exists, mainly of gold in the form of ornaments and obsolete coins, some of which were issued 300 years ago. There is a tendency to sell gold at the prevailing premium.

THE GOLD CLAUSE

In domestic contracts in Japan the gold clause is not used. In Japanese foreign obligations the practice of the market of issuance has been followed.

In a statement released on July 23, 1935, the Vice Minister of Finance clarified the operation of the gold clause in Japanese contracts as follows:

Most of the Japanese securities which bear the gold clause were issued in the United States and, owing to steps taken by the United States Government with regard to the gold clause, the said clause is not effective on the bonds issued in the United States, so that no dispute exists so far as the bonds issued in the United States are concerned.

As to the dispute concerning the city of Tokyo's franc bonds of 1912, this cannot be truly considered a matter of gold clause interpretation. The aforementioned bond does not bear any clause defining a conversion rate in terms of gold. The total amount of the face value of the bond is expressed as " * * * obligations France de Frs. 100,880,000 (ces derniers equivalent a £4,000,000) * * * ", so that the point of dispute is whether the bond should be payable in francs or in equivalent pound sterling at the old parity. The French Court of Cassation gave a decision to the effect that the bond should be paid in equivalent pound sterling at the old parity. The Japanese Supreme Court, on the other hand, handed down a decision in December 1934 to the effect that the bond was not an obligation calling for payment in sterling.

SILVER

Silver is not an important factor in Japan's monetary system. Furthermore, Japan produces more than enough silver for its domestic requirements. The recent increase in the price of silver has stimulated exports of the metal. The following are the official statistics:

Exports and Imports of Silver, 1932-35, from Japan Proper

[In thousands of yen]

Silver	1932	1933	1934	First 8 months of 1935
Coin and bullion:				
Exports	121,378	28,608	13,924	123,185
Imports	140	125	331	1
Net exports	121,238	28,483	13,593	123,184

Details of Japan's silver coins in circulation during the period 1870 to 1934 are as follows:

From 1870 to 1934 silver coins issued totaled 654,000,000 yen; those withdrawn from circulation by the Government, 166,000,000 yen; and those outstanding at the end of 1934, 488,000,000 yen. But, it should be noted, the latter figure includes 162,000,000 yen of coins that have ceased to be legal tender.

The amount of silver coins and bullion held against note issue by the bank of Chosen at the end of June 1934 was 18,859,000 yen, and by the Bank of Taiwan, 7,754,000 yen, a total of 26,613,000 yen.

The weight of fine silver in monetary use is correctly stated on page 74 of Trade Promotion Series No. 149.

The amount of silver in monetary use in Japan is difficult to estimate, since a considerable amount of the coinage has been exported, particularly to China and Manchuria, and also because the statistics cover coins of different finenesses. The silver content of the coins was altered by a law of April 1922.

Silver trade yen were formerly issued for export purposes. These, and the regular 1-yen silver pieces were withdrawn from circulation in 1898. One-yen pieces are at present used by the Yokohama Specie Bank as reserve against its silver notes outstanding in China and Manchuria. Such coins are also held in the reserve of the Bank of Chosen. (See Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.)

LATVIA

The monetary unit is the lat (plural lati, or in English, lats; abbreviation l.), divided into 100 santimi. The lat has a par value of approximately \$0.3267.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables. No foreign currency circulates, and checks are not extensively used in Latvia.

Paper Currency of Latvia

Denomination	Dimensions	Amount outstanding June 1, 1935 (millions of lats)
500 lats ¹	104 by 190 millimeters	(9)
100 lats ¹	88 by 154 millimeters	
20 lats ¹	75 by 135 millimeters	
10 lats ¹	127 by 66 millimeters	
5 lats ¹	127 by 65 millimeters	
Total		78.8

¹ Engraved on paper of foreign manufacture.

² Domestic rag paper used. Lithographic and copper print.

³ These notes, issued by the Treasury, are not numerous and are being withdrawn from circulation.

⁴ Not available by denominations.

⁵ For distribution by issuing authority, see Note-Issuing Authority below.

Coins of Latvia

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter ¹ (mm)	Circulation June 1, 1935 (millions of lats)		
			Grams	Grains	Grams	Grains		Out-standing in general circulation	In Bank of Latvia	Total
5 lats.....	Silver.....	0.835	25.0000	385.8089	22.5000	347.2280	35	12.8	5.2	18.0
2 lats.....	do.....	.835	10.0000	154.3236	8.3500	128.8802	27	8.6	4.4	13.0
1 lat.....	do.....	.835	5.0000	77.1618	4.1750	64.4301	23	4.7	3.3	10.0
50 santimi.....	Nickel.....	1.999	6.5000	100.3103	-----	-----	25	.9	2.8	3.7
20 santimi.....	do.....	1.999	4.0000	61.7294	-----	-----	21	.9	1.9	2.8
10 santimi.....	do.....	1.999	3.0000	46.2971	-----	-----	19	.7	.6	1.3
5 santimi.....	Copper.....	1.950	3.0000	46.2971	-----	-----	22	.3	.3	.6
2 santimi.....	do.....	1.950	2.0000	30.8647	-----	-----	19.5	.4	(²)	.5
1 santimi.....	do.....	1.950	1.8000	27.7782	-----	-----	17	.2	(²)	.2
Total.....								29.5	21.5	51.0

¹ Details as to thickness are not available.

² Alloy not stated. One source describes these coins as pure nickel.

³ Tin 0.040, zinc 0.010.

⁴ 29,973 lats.

⁵ 4,249 lats.

⁶ The slight discrepancy in the summation is due to abbreviation of the items.

NOTE-ISSUING AUTHORITY

The only note-issuing authorities are the Treasury and the Bank of Latvia (Latvijas Banka), which is under direct control of the Government. Treasury notes in circulation as of June 1, 1935, amounted to 41,364,760 lats, while notes of the Bank of Latvia amounted to 37,396,410 lats.

RESERVE REQUIREMENTS

The currency laws of Latvia provide that issues of paper currency by the Bank of Latvia up to 100,000,000 lats must be covered by gold and stable foreign currencies to the extent of 50 percent; issues in excess of 100,000,000 lats by gold and foreign currency to the extent of 75 percent; and those in excess of 150,000,000 lats, entirely by gold and foreign currency. Treasury note issues may not exceed 48,000,000 lats and must be covered by gold to the extent of 25 percent.

Latvia has no gold coinage. Foreign gold coin held in the reserves on January 1, 1935, amounted to 5,246,079 lats, and gold bullion on the same date to 219,922 lats.

No legal provision is made for including silver in the currency reserves. Latvia has no holdings of silver bullion, nor has it a mint. The silver currency in use is made by the British Royal Mint.

The legal tender limit for silver coins is 25 lats. There is no legal tender limit for the various denominations of bank notes.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Under a law which became effective March 15, 1935, only the Bank of Latvia is permitted to import and export gold, silver, and paper currency. Considerable smuggling of paper currency is believed to exist, but it is doubtful that there is much smuggling of gold or silver.

GOLD

Gold coin and bullion held as reserves in the Treasury and in the Bank of Latvia, and held abroad as foreign exchange, were valued on January 1, 1935, at 46,334,109 lats. No figures as to its weight are available; but taking as a basis the Government's official price of 3,850 lats per kilogram, the weight of gold reserves may be estimated at 12,034 kilograms.

Gold is not being purchased at a premium by the Government. No figures are available as to gold hoarding by the public, but hoarding is not believed to be extensive, one reason being that Latvia has no gold coinage.

THE GOLD CLAUSE

There is no legal provision for the gold clause in domestic contracts.

SILVER

Coinage of silver is limited to 30 lats per capita.

The nominal value of silver coins in monetary use on June 1, 1935, was 41,978,161 lats, of which 26,100,202 were in general circulation and 15,877,959 were held by the Bank of Latvia.

Since the fine silver content of the coins is 4.175 grams per lat, the total amount of fine silver in the coins in circulation on June 1, 1935, may be estimated at about 175,259 kilograms.

LITHUANIA

The monetary unit is the litas (abbreviation l.), divided into 100 cents. The litas (plural litu) has a par value of approximately \$0.1693. In the United States the unit is generally referred to as the lit.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

American paper dollars sometimes, though rarely, appear in circulation. They are generally received as remittances from emigrants in the United States and are almost always deposited by recipients at the banks. No other foreign currency is in circulation. There are no restrictions on the importation of foreign notes.

The use of checks is negligible. The people are very skeptical of payments made in checks.

Paper Currency of Lithuania¹

Denomination (litu)	Dimensions ²	Amount outstanding June 1, 1935 (millions of litu)
1,000.....	8 1/4 by 4 1/4 inches.....	9.1
500.....	7 1/4 by 3 1/2 inches.....	1.9
100.....	6 3/4 by 3 1/4 inches.....	35.7
50.....	5 3/4 by 3 1/4 inches.....	21.1
20.....	5 1/2 by 3 inches.....	12.2
10.....	5 1/4 by 2 3/4 inches.....	13.3
5.....	4 1/4 by 2 1/4 inches.....	3.6
Total.....		96.9

¹ Printed on paper of foreign manufacture. Details of the bank-note paper and the protective devices used against counterfeiting are considered confidential and are not available for publication.

² Not official, but taken from notes in circulation.

³ Notes of this denomination are quickly worn out, and the policy of the Government is to replace them with coins.

Coins of Lithuania

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding June 1, 1935 (millions of litu)
			Grams	Grains	Grams	Grains			
5 litu.....	Silver.....	1 0.500	13.5000	208.3368	6.750	104.1684	29.5	2.0	4.3
2 litu.....	do.....	1.500	5.4000	83.3347	2.700	41.6674	23.0	1.3	3.5
1 litu.....	do.....	1.500	2.7000	41.6674	1.350	20.8337	20.0	1.0	3.2
50 cents.....	Copper.....	1.900	5.0000	77.1618	-----	-----	24.9936	1.62	1.2
20 cents.....	do.....	1.900	4.0000	61.7294	-----	-----	25.0	1.57	.9
10 cents.....	do.....	1.900	3.0000	46.2971	-----	-----	21.0	1.45	.7
5 cents.....	do.....	1.900	2.1000	32.4079	-----	-----	19.0	1.22	.4
1 cent.....	do.....	1.900	1.6000	24.6918	-----	-----	16.0	1.27	(?)
Total.....	-----	-----	-----	-----	-----	-----	-----	-----	14.0

¹ Alloy is copper.

² Aluminum, 0.090; other, 0.010.

³ 49,997 litu.

⁴ The discrepancy in the summation is due to abbreviation of the items.

NOTE-ISSUING AUTHORITY

According to paragraph 11 of its organic act—published in the Lithuanian Official Gazette (Vyriausybės Žinios) No. 104 of August 29, 1922, serial no. 818—the Bank of Lithuania (Lietuvos Bankas) was granted the exclusive right of issuing bank notes during a period of 20 years. This period may be extended by law upon application of the bank's shareholders.

The exclusive right of minting coins was given to the Treasury, in accordance with paragraph 1 of the monetary law published in Official Gazette No. 167, dated August 8, 1924, serial no. 1169.

The Bank of Lithuania was formed as a private joint-stock bank. The Government, however, owns 85 percent of the shares of the bank, and the President of the Republic, upon the recommendation of his Cabinet, appoints, and has the power to remove, the governor of the bank. The governor, assisted by an advisory board, maintains supervisory control over the bank's directors, who are elected by the shareholders for a period of 3 years. The governor may veto the decisions of the board of directors and of the advisory board. In case of a variance in opinions the final decision rests with the Minister of Finance.

RESERVE REQUIREMENTS

The bank notes in circulation must be covered by gold to the extent of 33½ percent at least, and by stable foreign currencies and easily negotiable securities in a proportion not exceeding 66½ percent. No provision has been made for including silver in the currency reserve.

The bank holds no silver bullion. It receives Lithuanian silver and copper coins as needed directly from the Treasury, and purchases small quantities of foreign silver for its current needs. The latter holdings are not counted as bank-note cover.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

A law of February 29, 1920 (published in Official Gazette No. 21 of March 10, 1920) prohibited the exportation of gold and silver in any form, except with the permission of the Minister of Finance. However, this law ceased to have any significance within a few years after its passage. Lithuania thereafter remained on the gold standard

until October 1, 1935, when an exchange control law went into effect. In practice, a permit for the exportation of precious metals has never been refused.

The importation of gold and silver into Lithuania is not regulated.

Since the trade in precious metals is virtually free, no smuggling of gold or silver is believed to exist. This is specifically true of gold and silver bullion and gold and silver coins, imports of which are exempt from duty in accordance with sections 1 and 9, respectively, of paragraph 148 of the Lithuanian import tariff. There is no export duty on precious metals.

GOLD

On June 15, 1935, the gold reserves of the Bank of Lithuania amounted to 43,397,274 litu. The weight of the gold was 6,530 kilograms.

Purchases of gold are made by the bank on world markets; no premium is paid.

Gold hoarding is not widely engaged in by the public, despite political uncertainties in Europe at the present time. Local bankers estimate the total value of gold holdings of the population at 5,000,000 to 10,000,000 litu. Most of the gold so held consists of old Russian coins.

THE GOLD CLAUSE

The gold clause has generally not been resorted to in drawing up contracts. According to a recent decision of the Supreme Tribunal, contracts drawn in dollars must be settled either in dollars or in litu at the rate for the dollar prevailing on the date of payment, but contracts calling for payments in dollars at the rate of 10 litu to \$1, namely, at the former gold value of the dollar, must be paid at this rate. This decision will serve as a precedent in future settlements of domestic contracts.

Payments in gold, if stipulated in contracts, have the same force, from a juridical point of view, as settlements involving other legally recognized commodities.

In a report dated July 15, 1935, the American consul at Kaunas referred to a decision by the Lithuanian Supreme Tribunal in June 1935, in the case of *Diemanas v. Henigsbergas*. This litigation related to a loan of 120,000,000 litu to be repaid in dollars. The Tribunal ruled that the loan may be repaid in dollars or at the rate of exchange prevailing on the date the loan fell due. It is believed that this case will be used as a precedent in future litigations involving contracts calling for payments in dollars. Regarding payments of interest, the Supreme Tribunal, in a decision handed down in August 1935, ruled that in dollar contracts where no specific stipulation was made regarding interest payments, such settlements may be made either in dollars or litu at the rate of exchange prevailing on the day the interest falls due.

SILVER

Silver is a legally recognized commodity in Lithuania, and there are no restrictions on purchases or sales. However, according to article III, paragraph 9, of the monetary law, no one shall be obliged to accept more than 50 litu in silver coins in payment of a debt, or otherwise.

Total holdings of silver, as of June 1, 1935, are estimated at 19,161 kilograms (fine), of which 15,778 are in general circulation and 3,383 are held by the Bank of Lithuania.

MANCHURIA

The monetary unit is the Manchurian yuan (symbol \$ or Y), divided into 100 fen or 10 chiao. The Manchurian yuan has no fixed par value in terms of gold.

DESCRIPTION AND CIRCULATION OF CURRENCY*

The currency is described in the accompanying tables. The coins are legal tender to 100 times their face value. The notes of the Central Bank of Manchou are unlimited legal tender.

As a result of the policy followed by the Central Bank, of substituting its own notes and coins for the bewildering variety of currencies previously in circulation in Manchuria, the only currencies of importance at present are the notes and coins of the Central Bank and the Japanese notes and coins which circulate principally in the South Manchuria Railway zone. The Japanese notes in circulation are chiefly those issued by the Bank of Chosen. Old Chinese copper coins and notes are still to be found in the rural areas, but are rapidly being replaced by new Manchurian currency. (The position of silver coins and bullion is discussed under "Silver", below.) According to the most recent report of the Central Bank of Manchou, the total value of the coins it had issued up to January 1, 1935, is shown in the accompanying table.

Paper Currency of Manchuria

[Issued by Central Bank of Manchou]

Denomination	Dimensions	Denomination	Dimensions
100 Manchurian yuan.....	182 by 103 mm.	1/2 Manchurian yuan (5 chiao)....	122 by 70 mm.
10 Manchurian yuan.....	162 by 93 mm.	1/2 Manchurian yuan (newly issued).....	118 by 65 mm.
5 Manchurian yuan.....	152 by 87 mm.		
1 Manchurian yuan.....	142 by 81 mm.		

The total amount of bank notes of the Central Bank outstanding on June 18, 1935, was 134,500,000 Manchurian yuan and consisted chiefly of 10-yuan notes.

The paper for the Central Bank notes is manufactured in Japan. It is not linen, and is slightly inferior to the paper used in yen notes. The notes are engraved. The devices to prevent counterfeiting are not disclosed by the bank officials, but in general they are the same as used in the yen notes.

Coins of Manchuria

Denomination (Manchurian yuan)	Metal of chief value	Fineness	Gross weight		Diameter ¹	Amount outstanding Jan. 1, 1935 (millions of Manchurian yuan)
			Grams	Grains		
0.10 (1 chiao).....	Nickel.....	900	5.0000	77.1600	23.0	12.7
.05 (5 fen).....	do.....	900	3.5000	54.0120	20.0	1.6
.01 (1 fen).....	Copper.....	950	5.0000	77.1600	24.0	1.3
.005 (5 li).....	do.....	950	3.5000	54.0120	21.0	.2
Total.....						15.8

¹ Details as to thickness are not available. ² Alloy is copper. ³ Tin, 0.040; zinc, 0.010.

* See also Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, pp. 42 and 43.

NOTE-ISSUING AUTHORITY

Aside from the Japanese currency issued by the Bank of Chosen, the Central Bank of Manchou is the sole note-issuing agency in Manchuria. The Government of Manchuria owns one-half of the shares of the bank (which total 15,000,000 Manchurian yuan at present), and it exercises plenary control over its personnel and policies under ordinance no. 26 of June 11, 1932, which established the bank.

The Governor and Vice Governor of the bank are appointed by the central regime, and the directors may not assume office without the approval of the Government (art. XX). Article XLII provides that the Government may issue necessary orders for the supervision of the bank, and article XLIII requires the bank to render monthly reports to the central regime.

RESERVE REQUIREMENTS

Article X of the currency law promulgated June 11, 1932, provides that "the Central Bank of Manchou shall hold as reserve a sum equivalent to 30 percent or more of the total amount of notes issued in gold and silver bullion, reliable foreign currencies, and deposits with foreign banks in gold and silver accounts." In its semiannual condensed statements, the bank shows gross totals under the heading of "bullion" and "deposits with other banks", the figures for December 31, 1934, being as follows: Bullion, 38,538,535.76 yuan; deposits with other banks, 50,439,837.05 yuan.

The bank, however, has never published more detailed statements showing the nature of its bullion holdings. It is known, however, that the bank, at the time of its formation, took over the bullion and silver yuan holdings of the former Fengtien Provincial Bank, the Kirin Provincial Bank, the Heilungkiang Provincial Bank, and the Frontier Bank, the value of whose aggregate holdings local bankers have roughly estimated at 30,000,000 Chinese silver yuan. Local bankers also state that the Central Bank has recently sold several million silver yuan at current market rates in exchange for its own notes, in order to contract the note issue and support the exchange value of the notes against speculative raids. According to reports published by the bank, it had purchased a total of 1,917,948 grams of Manchurian-mined gold up to January 1, 1935.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The exportation of either gold or silver from Manchuria, with the exception of limited quantities of silver yuan which migratory laborers were permitted to take out with them, had been prohibited for many years under the Chang Hsueh-liang regime, and these restrictions have been continued by the present regime. On June 14, 1933, the Ministry of Finance promulgated order no. 13 prohibiting the exportation from Manchuria of gold in any form (with the exception of personal ornaments of travelers) without the permission of the Ministry, under penalty of confiscation and a fine double the amount of the confiscated gold. Apparently, no legislation has been enacted by the present regime prohibiting the exportation of silver, the present prohibition laws being based on the customs regulations of the former regime.

Despite these prohibitions, the smuggling of silver yuan and bullion has gone on continuously, and in large proportions during 1935 as a result of the rise in the international price of silver. The local press has reported a smuggling trade of large volume from Manchuria to Chosen, in the vicinity of Antung. It is believed that a minor proportion—perhaps 20 percent—of this silver originated in Manchuria; the balance, it is understood, came from North China.

GOLD

Gold reserves.—A minor portion of the bullion holdings which the Central Bank of Manchou acquired from the former provincial banks consisted of gold bars and coins, but no estimate of the amount now held is available. As stated above, the bank reports that it had purchased 1,917,948 grams of locally mined gold up to January 1, 1935.

Purchases by central regime.—On June 14, 1933, the Ministry of Finance promulgated an ordinance requiring the Central Bank of Manchou to purchase all gold mined in Manchuria at prices to be fixed weekly by the Ministry. The order also prohibits gold miners from selling newly mined gold to purchasers other than the Central Bank without the permission of the Ministry of Finance. For the week beginning June 22, 1935, the bank's gold purchase rate was 3.45 Manchurian yuan (\$1.026 United States currency at current market rates) per gram.

Gold hoarding.—Although silver has traditionally been the favorite metal of the Chinese for hoarding purposes, the depreciation of silver after 1930 increased the popularity of gold among the public, and the active trading in gold bars at Shanghai was reflected to some extent in the provincial money centers. Because of its greater value, however, the hoarding of gold was confined principally to the wealthier bankers, merchants, and military officials, and the total value of gold holdings of the banks and private hoards, is probably small in comparison with the silver holdings. No estimates of such holdings are available.

THE GOLD CLAUSE

Since both Chinese and Manchurian currencies have been based on silver, and since the Japanese yen has been divorced from gold since 1931 (although the term "gold yen" continues to be used to distinguish it from the "silver yen" which circulates in the Kwantung Leased Territory), the gold clause is not used in domestic contracts.

SILVER

Legal status.—Those who set up the present Manchurian regime apparently intended that the currency be on a silver, or at least a silver-exchange, standard. Article 2 of the currency law states that "23.91 grams of pure silver in weight shall be the monetary value to be called a yuan." The Central Bank, however, has never minted such a coin, or any other silver coin. For some time after the founding of the bank, its paper notes circulated approximately at par with the Chinese silver yuan (which contains approximately 23.9333 grams of pure silver) and with Tientsin and Shanghai yuan notes, which were then convertible into silver. But the Central Bank has never undertaken to sell either silver yuan or Shanghai yuan drafts at parity with

its notes; instead it has made such sales at prevailing market rates. This temporary de facto parity was apparently made possible by trade conditions, and by exchange operations conducted by the Central Bank. During this early period, therefore, although the notes were inconvertible at home, the currency was so managed as to give Manchuria the silver exchange standard.

When, in October 1934, the Chinese Government imposed restrictions on the exportation of silver, and the value of both Chinese yuan and silver continued to rise—although unevenly—on the international market, the Manchurian authorities apparently decided to abandon further attempts to keep the currency at parity with silver. After that date, the value of the Manchurian yuan in terms of foreign currencies declined while Shanghai exchange continued to rise.

The policy of the bank in October 1935 appeared to be to maintain the yuan at parity with the yen. During 1934 the yuan was at a premium of from 9 to 15 percent over the yen. This disparity was steadily reduced during the spring and summer of 1935, and since the first week of September the Central Bank has exchanged yen and yuan at par. No official announcement of this pegging has been made, and the vice governor of the bank stated that while the bank regarded parity as desirable, it did not, in view of the instability in world currencies, wish through public announcement to take a position from which it might be embarrassing to retract if parity proved difficult to maintain. Maintenance of the two currencies at par has, however, been long demanded by Japanese investors and business interests; and it would greatly simplify bookkeeping in the already unified Manchukuo and Japanese railway, telegraph and telephone systems, and would equally facilitate the proposed unification of the Manchukuo and Japanese postal and taxation systems in Manchuria.

If trade conditions should in the future make it difficult for the Central Bank to exchange yen and yuan freely at par, it seems probable, in view of the many advantages of parity, that the bank will restrict the volume of such exchanges rather than abandon the present de facto parity.

The divorce of the Manchurian yuan from silver was made more definite by the promulgation on May 30, 1935, of order no. 4 of the Department of Finance outlawing the silver clause in contracts, and requiring that creditors must accept Manchurian yuan in payment of both existing and future contracts. Since silver yuan are now (October 1935) at a 70-percent premium over Manchurian currency, the effect of this ordinance is to prohibit the use of silver as currency and to give it the same commodity status as gold.

The principal object of the ordinance probably was to unify the currency by eliminating silver; a secondary result has been the relief of debtors who would have suffered severe losses because of the rise in the value of silver, and the avoidance in Manchuria of the deflation which has had such serious results in China. The Central Bank has not yet required private banks to turn in their silver stocks, and it is improbable that the metal will be nationalized, as gold and silver have been in the United States.

Silver stocks.—Local bankers state that an estimate of silver stocks in Manchuria is not obtainable. It is impossible to evaluate the amount hoarded by the public. The private banks do not publish

their silver holdings, and the Central Bank, as stated above, does not indicate in its reports what portion of its reserves consists of silver.

It is believed that Manchuria's silver stocks are suffering small net losses as the result of the smuggling operations.

The following information bulletins were issued by the Department of Foreign Affairs of the Manchurian regime and published, January 1935, in a volume entitled "Information Bulletins, February 16, 1934, to January 15, 1935":

Bulletin No. 16, April 26, 1934—Government to Abolish Chenping Silver in Line with Currency Unification Program

The Department of Finance issued a departmental notice under the date of April 20, 1934, 1st year of Kante, announcing the decision of the Government to undertake the redemption of Chenping silver, the silver ingot currency which still enjoys a limited circulation in the Antung district, in line with its program to unify and stabilize the currency situation in this country. According to the notice all commercial transactions in terms of Chenping silver will be forbidden after September 30, 1934, and the silver ingots will be bought up by the Central Bank of Manchou at the officially fixed rate of 100 yuan of the new Manchoukuo currency for 70.2 taels of the former up to December 31, 1934. The public assaying office for the Chenping silver currency known as the Antung Kungkuohu, moreover, will be closed after April 30, 1934, by order of the Government for the purpose of expediting the change from Chenping silver to the Manchoukuo currency.

Legally the circulation of Chenping silver has been forbidden since July 1, 1932, under the provisions of the regulations governing the adjustment of old currencies (ordinance no. 38, June 28, 1932) but the regulations insofar as they affect Chenping silver were not immediately enforced because of various circumstances, internal and external, existing at the time of the establishment of the new regime. Among them was the fact that the foundation of the nation in those days still lacked solidarity. The Government consequently feared that any drastic measures to regulate the currency at such a time might cause a serious financial disturbance in the Antung district.

The situation, however, is greatly changed today. With the growing solidarity of the new State, the people have come to place full confidence in the new Government and its central financial institution, the Central Bank of Manchou, which is reflected in the remarkable success which the Government has achieved in reforming the currency situation and establishing a uniform and stabilized national currency now accepted without question in every part of the country.

These encouraging changes, and the fact that the Chenping silver currency recently has been often subject to fluctuations owing to speculative activities and rumors of various sorts, prompted the Government to make the present decision. Abolition of Chenping silver and its replacement by the Manchoukuo currency will not only stabilize the financial situation in the Antung district, but will also be another step toward the goal of currency unification.

In connection with the present currency reform the Government announces that it is prepared to grant every possible financial assistance to the Antung district. It, therefore, hopes that the financiers, business men, and the general public of Antung will continue to place their confidence in the Government and cooperate with it in putting through the reform project.

The success of the new administration's currency unification program may be seen from the fact that already 82 percent of the depreciated paper notes of the former banks under the control of the old Northeastern Government have been withdrawn from circulation through the agency of the Central Bank of Manchou. Furthermore, the greater half of some 100 different varieties of the "sutieh" or privately issued bearer-notes found in more than 60 hsien in Manchuria have been redeemed in exchange for new Manchoukuo notes. The adjustment of the Kuoluyin system of transfer based on Yingping silver, a local currency of limited circulation in the Yingkow (Newchuang) district, which is one of the latest tasks undertaken in the currency unification program, has also been completed.

Chenping silver and another minor currency known as the Hsiaoyangchien, which consists of round silver coins of small denominations, are today the only two old forms of currency still enjoying a limited local circulation. The former, as mentioned in the foregoing, will be abolished within this year. As regards the latter, the Government is intending to devise appropriate measures for its with-

drawal in the near future. Its regulation is somewhat complicated, as the currency is circulated in the Antung district, as well as in districts adjacent to and in the Kwantung Leased Territory.

Bulletin No. 25, June 12, 1934—Finance Department's Notice Regarding Old Notes

Notice has been issued by the Department of Finance under date of June 8, 1st year of Kangte (1934) regarding the validity of the old notes hitherto in circulation and the special arrangement made for the exchange of these old notes for Manchoukuo currency.

The notice calls the attention of the public to the fact that, in accordance with the provisions set forth in ordinance no. 38, issued in June 1932, the old notes in question lose their validity and are prohibited from circulation after June 30, 1934.

But for the benefit of persons, especially those living in remote outlying districts, who may have had no opportunity to exchange their old money for the new Manchoukuo currency and who thereby may incur losses, arrangement has been made whereby the Central Bank of Manchou will exchange such old notes for the new ones during the period of one year only, i. e., from July 1, 1934, to June 30, 1935, at the exchange rates officially fixed in 1932 and in force at present.

In order to offer further convenience to persons still holding these old notes, the notice says that taxes and other forms of Government revenues may be received in old notes during the period aforementioned, but that payments by the different Government offices are to be made strictly with the new notes.

MEXICO

The monetary unit is the peso (symbol \$), which is divided into 100 centavos. According to article 1 of the monetary law of July 25, 1931, the unit is the peso, equivalent to 75 centigrams of pure gold, but article 2 of that law provided that circulating money (las monedas circulantes) shall consist of (a) notes legally issued by the Bank of Mexico; (b) silver 1-peso pieces authorized by the law of October 27, 1919; and (c) silver fractional coins of 10, 20, and 50 centavos and bronze coins of 1, 2, and 5 centavos, authorized by laws of March 25, 1905, April 25, 1914, October 27, 1919, and April 29, 1925.

Article 4 of the law of July 25, 1931, provided that only the silver peso coins of the type created by the law of October 27, 1919, should be legal tender in unlimited amounts. Fractional silver coins were declared to be legal tender in payments not exceeding 20 pesos, and fractional bronze coins, in amounts not exceeding 2 pesos (art. 5).

The law of July 25, 1931, decreed the discontinuance of gold coinage. Moreover, it provided (art. 7) that "the obligation to pay any sum in Mexican currency shall be satisfied by delivery, at their nominal value, with the limit of their legal-tender power, silver and bronze coins of the minting retained in this law."

As a result of the rapid rise in the price of silver in the spring of 1935, a decree was issued on April 26, 1935, effective the following day, which declared that the silver coins, 1 peso, 50 centavos, 20 centavos, and 10 centavos, then in circulation would cease to be legal tender but could be exchanged for legal circulating media. Subsequently, the date for putting the decree into effect was postponed until July 27, 1935.

The only silver coins that are now legal tender are the newly minted tostons. The only other coins in circulation are of nickel and bronze.

Although the par value of the theoretical gold peso is \$0.8440, the exchange value of the Mexican peso is now \$0.2785.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency in legal circulation at present is further described in the accompanying tables.

Paper Currency of Mexico

Denomination	Dimension	Circulation, Apr. 26, 1935 (millions of pesos)	Denomination	Dimension	Circulation, Apr. 26, 1935 (millions of pesos)
1,000 pesos.....	7 by 3 inches.....	9.5	10 pesos.....	7 by 3 inches.....	69.0
500 pesos.....	7 by 3 inches.....	10.0	5 pesos.....	7 by 3 inches.....	89.4
100 pesos.....	7 by 3 inches.....	13.4	1 peso.....	7 by 3 inches.....	45.0
50 pesos.....	7 by 3 inches.....	14.0			
20 pesos.....	7 by 3 inches.....	44.0	Total.....		295.1

Coins of Mexico

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Thickness, average (mm)	Amount outstanding Sept. 30, 1935 (millions of pesos)
			Grams	Grains	Grams	Grains			
50 centavos (1 toston).....	Silver ¹	0.420	7.9733	123.042	3.3488	51.680	27	2.41	35.4
20 centavos.....	Bronze.....	.950	15.0000	231.480	.....	.....	32½	2.11	3.7
10 centavos.....	do.....	.950	12.0000	185.184	.....	.....	30½	2.11	.2
5 centavos.....	do.....	.950	9.0000	138.888	.....	.....	28	2.05	4.0
5 centavos.....	Nickel.....	1.000	5.0000	77.160	.....	.....	20	2.15	1.7
2 centavos.....	Bronze.....	.950	6.0000	92.592	.....	.....	25	1.80	.7
1 centavo.....	do.....	.950	3.0000	46.296	.....	.....	20	1.50	2.4
Total.....									48.1

¹ Alloy is copper.

NOTE-ISSUING AUTHORITY

The Bank of Mexico has the exclusive authority for the issuance of paper currency.

The Federal Government has a controlling voice in the policies of the bank. The Government owns the controlling A stock in the bank, and the organic act provides that the holders of A stock shall have the right to appoint five members of the board of directors while the owners of B stock can appoint only four.

RESERVE REQUIREMENTS

According to the decree of April 26, 1935, the commercial value of the metallic reserves of the Bank of Mexico must at no time be less than 50 percent of the currency in circulation. The reserves of the Bank of Mexico may consist of gold and silver coins or bars, including foreign gold and silver coins. However, there is no law which specifies the proportions of gold and silver in the reserves; apparently the administration of the bank is free to decide this matter. Neither the Secretary of the Treasury nor the Bank of Mexico have disclosed the silver and gold content of the reserves for some time.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There is no prohibition on the importation or exportation of gold and silver bullion except that a decree of April 26, 1935, prohibits the exportation of bullion resulting from the melting of silver coins demonetized by that decree. However, since that date the Bank of Mexico has extended its influence over foreign trade in these two metals and is the sole exporter and importer of gold and silver bullion, except in those few instances where the institution may think it advisable to grant permission to other parties.

Officials express the opinion that smuggling exists to a very limited extent.

GOLD

Information is not available in regard to the gold portion of the reserves of the Bank of Mexico. The latest data on the subject are contained on page 64 of the Annual Economic Review of Mexico for 1934.

Officials of the Bank of Mexico state that gold hoarding is very limited, because the present price of gold has caused the withdrawal and sale of much of the gold that had been hoarded.

THE GOLD CLAUSE

Article 3 of the transitory provisions of the monetary law of July 25, 1931, supplements article 7 of the law itself (which was quoted above), by stipulating that "all obligations contracted prior to the date of this law in national currency of any kind, shall be satisfied by delivery of moneys of the types provided for in the law within the respective limits of their legal tender power." In other words, domestic contracts containing a gold clause can be satisfied by paying peso for peso in existing legal currency.

SILVER

The new toston is the only silver coin that is in legal circulation. It contains 3.3488 grams of pure silver.

The total amount of fine silver in legal monetary use on September 30, 1935, was 7,622,654 troy ounces, of which the general public held 7,407,325 and the banks, 215,329.

NETHERLAND INDIA

The monetary unit is the guilder (or florin), divided into 100 cents. The guilder has a par value of approximately \$0.6806. The Dutch plural of guilder is gulden.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

The Straits dollar circulates to a very limited extent on the east coast of Sumatra.

The use of checks is generally limited to the wholesale trade.

According to the official Staatsblad No. 295, of June 28, 1935, the date on which the silver coins of ½, 1, and 2½ gulden of the old fineness cease to be legal tender has been extended to January 1, 1936. The present fineness of Netherland Indian coins, namely, 0.720, was established by the law of November 27, 1919. The volume of coins of the old fineness, 0.945, outstanding in November 1935 was negligible.

During the year ended March 31, 1935, the Java Bank delivered coins of the old fineness, valued at 1,563,329 gulden to the Government for transmission to the Royal Mint at Utrecht; and the Government of Netherland India delivered coins valued at 16,130,000 gulden. From the annual reports of the Java Bank it appears that the total nominal value of old silver coins delivered to the Royal Mint at Utrecht since the promulgation of the law of November 27, 1919, is 135,230,000 gulden, while net imports of new silver coins (0.720 fine) from that date to the end of March 1935 totaled 97,700,000 gulden.

Paper Currency of Netherland India

Denomination	Dimensions	Amount outstanding June 29, 1935 ¹ (millions of gulden)
1,000 gulden.....	100 by 74 millimeters.....	22.0
500 gulden.....	100 by 74 millimeters.....	10.1
300 gulden.....	100 by 74 millimeters.....	(²) 5.2
200 gulden.....	100 by 74 millimeters.....	36.5
100 gulden.....	100 by 74 millimeters.....	14.1
50 gulden.....	100 by 74 millimeters.....	3
40 gulden.....	91 by 70 millimeters.....	3
30 gulden.....	91 by 70 millimeters.....	24.4
25 gulden.....	91 by 70 millimeters.....	2
20 gulden.....	91 by 70 millimeters.....	31.7
10 gulden.....	81 by 55 millimeters.....	37.5
5 gulden.....	74 by 40 millimeters.....	172.3
Total.....		

¹ Including notes held by Treasury.
² 85,800 gulden.

All notes are legal tender.

No detailed information is available as to the kind of paper used in the currency of Netherland India.

The 20-, 30-, 40-, and 300-guilder issues are being withdrawn from circulation.

Coins of Netherland India

Denomination	Metal of chief value	Fine-ness	Gross weight		Gold or silver content		Diameter (millimeters)	Amount outstanding Mar. 1, 1935 ¹ (millions of gulden)
			Grams	Grains	Grams	Grains		
10 gulden (gouden tientje).....	Gold.....	² 0.900	6.7200	103.7054	6.0480	93.3349	22.5	-----
5 gulden (gouden vijfje).....	do.....	² .900	3.3600	51.8527	3.0240	46.6674	18.0	-----
Ducat or ducat.....	do.....	² .983	3.4940	53.9207	3.4346	53.0040	21.0	-----
2½ gulden (rijksdaalder).....	Silver.....	² .720	25.0000	385.8089	18.0000	277.7824	38.0	15.4
1 guilder (gulden).....	do.....	² .720	10.0000	154.3236	7.2000	111.1130	28.0	26.2
50 cents (halve gulden).....	do.....	² .720	5.0000	77.1618	3.6000	55.5565	22.0	8.8
25 cents (kwartje).....	do.....	² .720	3.5750	55.1707	2.2880	35.3092	19.0	6.7
10 cents (dubbelte).....	do.....	² .720	1.4000	21.6053	.8960	13.8274	15.0	15.2
5 cents (stuiver).....	Nickel.....	² .250	4.5000	69.4444	-----	-----	21.0	3.2
2½ cents.....	Copper.....	.750	4.0000	61.7294	-----	-----	21.0	-----
1 cent.....	do.....	.750	2.5000	38.5809	-----	-----	23.5	11.0
¼ cent.....	do.....	.750	1.2500	19.2904	-----	-----	17.0	-----
Total.....								86.4

¹ Information as to thickness is not readily available.

² Excluding coins held by the Government and the Java Bank.

³ Alloy is copper.

⁴ This is a trade coin and has no face value.

NOTE.—The legal tender limit for coins of 25 and 10 cents is 10 gulden; for 5-cent nickel coins, 5 gulden; and for copper coins, 2½ gulden. All other coins are unlimited legal tender.

NOTE-ISSUING AUTHORITY

Only the Java Bank (De Javasche Bank) is authorized to issue bank notes. In 1919 the Government began to issue currency notes in denominations of ½, 1, and 2½ gulden, but practically all of these notes have been withdrawn from circulation since June 1, 1933.

The Government does not have a controlling voice in the policies of the Java Bank, either by law or in actual practice.

RESERVE REQUIREMENTS

The status of the Java Bank is fixed by the Java Bank law of March 31, 1922, last amended in 1930. The principal regulation with reference to currency reserves is to be found in article 28, which states that the Governor General shall determine the minimum ratio of the bank's holdings of gold and silver coin and bullion to its outstanding sight liabilities. This ratio was fixed at 40 percent by resolution of the Governor General of June 25, 1928. On July 20, 1935, the metallic cover of the Java Bank consisted of the following items:

	Gulden
Gold coin.....	80,482,820
Silver coin.....	22,832,930
Gold bullion.....	17,520,221
Silver bullion.....	76
Total.....	120,836,047

The sight liabilities on the same date amounted to 200,147,408 gulden. The ratio of gold to sight liabilities was 48.97 percent and of gold and silver combined 60.42 percent.

The Java Bank made the following commitment to the Government of Netherland India in 1922 and renewed it on April 29, 1925:

The president and directors of the Java Bank promise the Government of Netherland India to uphold and continue the gold policy which the bank has so far followed by, inter alia, the following measure, viz: Should rates of exchange on foreign countries rise above the parity of the gold value, it will—except under extraordinary circumstances to be decided upon by the Governor General after consultation with the Java Bank, and except for arbitration of exchange—if necessary, and as long as it is in its power to do so without infringing the stipulations of the Java Bank law, make its gold supply available for issue on the basis of 1,653.44 gulden per fine kilogram for bars and at corresponding prices for minted gold.

Gold may be sold to the bank at the fixed price of 1,634 gulden per kilogram fine, for delivery at Batavia—and at the fixed price of 1,638 gulden for delivery at Amsterdam.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

No restrictions on bullion or coin movement exist. The gold and silver output of the mines is exported freely.

As the exportation of gold and silver bullion is neither prohibited nor subject to duty, there is no reason for smuggling.

GOLD

On July 20, 1935, gold totaling 98,003,041.39 gulden, weighing 59,272.209 kilograms, was held by the Java Bank.

Gold is not purchased by the Government or by the Central Bank at a premium.

The natives have always been accustomed to invest their savings in gold. Owing to the unfavorable economic conditions prevailing since 1931, the population has sold a great portion of its gold holdings. As to the amount that still remains in the possession of the natives, no data are available. However, gold hoarding in the ordinary sense of the word does not occur in Netherland India.

THE GOLD CLAUSE

Gold clauses are very unusual in Netherland India. The question of their validity has never come before the courts. There is no law that prohibits the employment of the gold clause.

SILVER

There has been no new development affecting silver since Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, was published.

Holdings of monetary silver in Netherland India on March 1, 1935, were distributed as shown in the following table:

Silver coins ¹	Gulden	Fine kilograms of silver
In circulation (general public and banks):		
Minor coins	50,398,000	362,866
Other subsidiary coins	21,884,000	198,020
In the Government Treasury:		
Minor coins	24,100,000	172,800
Other subsidiary coins	23,895,000	217,241
In the vaults of De Javasche Bank:		
Minor coins	28,202,537	203,058
Other subsidiary coins	211,038.40	1,920
Total silver in monetary use	148,690,575.40	1,155,905

¹ See Description and Circulation of Currency.

NETHERLANDS

The monetary unit is the florin or guilder (abbreviation fl., g.), divided into 100 cents. The par value of the florin is approximately \$0.6806. The Dutch plural of guilder is gulden.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying tables show the most recent data on metallic and paper money of the Netherlands in circulation. Figures on the paper currency are reported regularly in the annual reports of the Netherlands Bank.

Coins are full legal tender for private and Government debts, with the exception of 25- and 10-cent coins, the legal tender of which is limited to 10 florins; 5-cent coins, limited to 1 florin; and 2½-, 1-, and ½-cent copper coins, limited to 25 cents. Notes of the Netherlands Bank are redeemable in other forms of legal-tender money.

No old issues of coins or notes are in circulation, other than those mentioned above; nor do any foreign coins or notes circulate, although there is no restriction on their importation.

Special guaranties to prevent counterfeiting are to be found in the watermark and in the special qualities of the paper and in the fact that for printing and engraving different processes are simul-

taneously used. Mention should be made of the handmade engravings in copper or steel, the geometric lathe, and the engravings in flattened relief. Various kinds of ink are used which are mixed by the printers.

The paper money is printed, engraved, and lithographed in the Netherlands. The paper for the 20-florin notes is made of pure linen, while that used in other notes is made from new linen rags (from 50 to 70 percent) and unworn white cotton rags.

Details of Netherlands Paper Currency Outstanding Mar. 31, 1935

Denomination ¹	Dimensions	Number of bills (in round thousands)	Value (millions of florins)	Percent of total value
1,000 florins	123 by 215 millimeters	192	191.6	21.55
500 florins	123 by 215 millimeters	26	12.8	1.44
300 florins	123 by 215 millimeters	95	28.4	3.20
200 florins	123 by 215 millimeters	121	24.2	2.72
100 florins	123 by 215 millimeters	2,340	234.0	26.33
60 florins	100 by 175 millimeters	68	4.1	.46
50 florins	100 by 143 millimeters	898	44.9	5.05
40 florins	100 by 175 millimeters	91	3.7	.41
25 florins	100 by 175 millimeters	5,153	129.1	14.53
20 florins	89 by 170 millimeters	2,350	47.0	5.29
10 florins	98 by 167 millimeters	16,902	169.0	19.02
Total		28,246	888.7	100.00

¹ During the World War small denomination notes called zilverbons were issued by the Central Government to replace hoarded silver coins. Of these notes, only some 2½-florin ones are still in circulation, the total at the beginning of 1934 being 1,400,000 florins.

Source: Netherlands Bank Report for 1934-35.

Metallic Currency Outstanding Jan. 1, 1935

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding (millions of florins)
			Grams	Grains	Grams	Grains			
2½ florins	Silver	0.720	25.000	385.8089	18.000	277.7824	38	2.1	49.2
1 florin	do	.720	10.000	154.3236	7.200	111.1130	28	1.9	59.3
50 cents	do	.720	5.000	77.1618	3.600	55.5565	22	1.8	7.1
25 cents	do	.640	3.575	55.1707	2.288	35.3062	19	1.6	11.9
10 cents	do	.640	1.400	21.6053	.896	13.8274	15	1.2	11.9
Various	Base ¹								7.5
Total									146.9

¹ The 5-cent coin, square in shape, is made of nickel (25 percent) and copper (75 percent). The small coins (2½, 1, and ½ cent) are of copper (95 percent), tin (4 percent), and zinc (1 percent).

NOTE-ISSUING AUTHORITY

Only the privately owned Netherlands Bank (De Nederlandsche Bank N. V.) has the note-issue privilege in the Netherlands proper. This privilege was granted in the original charter in 1814, and renewed at intervals of 25 years, and occasionally modified. The charter is now running indefinitely on a yearly renewal basis.

The Government has no voice in the policies of the Netherlands Bank, either by law or in actual practice. Modifications of the bank's charter in 1868 and 1903 required the bank, in view of its position as fiscal agent of the Government and as sole bank of issue, to advance the Government on demand at any time, free of interest,

amounts up to a maximum of 15,000,000 florins on security of Treasury notes. The bank may, however, refuse to discount Treasury paper if it considers such action unsound, but in practice, it does discount such paper from time to time, usually in modest amounts. The president and secretary of the bank are appointed by the Crown, but this power gives the Government only a negligible influence over the bank, and is not used for that purpose.

RESERVE REQUIREMENTS

The Netherlands Bank is required to maintain a metallic reserve of 40 percent against its demand liabilities. Foreign exchange as a form of reserve has never been permitted since the establishment of a legal reserve ratio. The obligatory minimum of 40 percent dates from 1864, and was constantly in force until the World War. On July 31, 1914, it was reduced to 20 percent "in order to allow the bank greater liberty of action, in view of the extraordinary circumstances then prevailing" (Netherlands Bank Annual Report 1928-29, p. 25), but was restored to 40 percent by royal decree of January 4, 1929 (*idem*, p. 24).

Metallic reserve, defined literally, is coin and coin material, meaning gold and silver coin and bullion and other legal-tender coin. There is nothing in any legislation affecting the Netherlands Bank which specifies the proportion of gold or silver coin or bullion that must be maintained in the metallic reserves; but in practice it has been largely gold; in recent years, well over 90 percent. At the end of the last fiscal year, March 31, 1935, gold bars and coin represented 97.43 percent of the metallic reserve. The bank may include in its reserves earmarked gold held abroad and so-called sailing gold (gold in transit), but not less than eight-tenths of the obligatory 40 percent cover must be held actually in the bank's vaults. (Netherlands Bank Report 1928-29, p. 24.) Demand liabilities are defined to include deposits on current account, whether Government or private, in addition to notes in circulation.³⁸

All of the silver held by the Netherlands Bank is in the form of coin. The bank is not permitted to purchase silver except by specific authority of a royal decree. New coinage is ordinarily effected by the reminting of retired coins.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Since April 29, 1925, there has been no legal restriction on movements of gold or silver into or out of the Netherlands. The following statement was made by Minister of Finance Colijn (in the Second Chamber of the States General) on April 28, 1925:

I hereby inform the chamber that the Minister of Labor, Trade, and Industry has, in accordance with the act of September 1, 1917 (State Gazette No. 578), granted dispensation, as from tomorrow, April 29, and until further notice:

1. Of the prohibition of the export of gold included in the export prohibition of all metals in any form whatsoever, promulgated by royal decree of April 7, 1917 (State Gazette No. 279);

³⁸ The method of calculating reserve requirements is believed to be of considerable advantage to the Netherlands Bank, in connection with maintenance of a high reserve ratio. A demand for gold inevitably leads to a contraction of the note issue. An export demand for gold tends to reduce deposits, since the Netherlands Bank is a bankers' bank. Accordingly, when the Netherlands Bank is losing gold there is often a corresponding shrinkage of demand liabilities, greater than the shrinkage of note issue alone. Possibly the Government might help out in a tight situation by converting demand liabilities into time deposits.

2. Of the export prohibition of gold coin and bullion, promulgated by royal decree of August 8, 1914 (State Gazette No. 403).

While, at the same time, measures have been taken in order to render permanent, by the withdrawal of the aforesaid royal decree, the temporary situation brought about by the dispensation (Netherlands Bank Annual Report 1924-25, p. 55).

This has left trade in gold and silver entirely free. In practice there are certain important restrictions on the free outflow of gold from the Netherlands, because the gold holdings of the Netherlands Bank, which represent the great bulk of metal held in the country, are not released as readily as those in private hands. The restrictions referred to are not contained in any legislation, but are announced from time to time by the bank as its policy, or are put into effect by various administrative acts. The procedure which has been evolved in recent years has proved highly effective in slowing down and even checking outflows of gold which have developed from time to time since 1930. This control has its foundation in the statement of policy issued in 1903 which reads:

The management of the Netherlands Bank undertakes, vis-a-vis the Government, to maintain and continue the gold policy it has so far pursued, by continuing to deliver gold for export from its stock, as long as it will be able to do so, at the rate of 1,653.44 florins per fine kilogram for bullion and at corresponding prices for gold specie, whenever the rates of exchange on foreign countries should rise above gold parity.

The final clause of this statement enabled the Netherlands Bank to announce, in connection with Holland's return to the gold standard on April 29, 1925, that it was returning to its traditional policy, since it felt itself obliged to release gold only to countries definitely on the gold standard. The 1925 announcement of its policy reads as follows:

* * * The Netherlands Bank will as before, not issue 10-guilder and 5-guilder gold pieces for home circulation. For export to foreign countries, however, it will deliver gold from its stock against payment of 1,653.44 florins per fine kilogram for bullion, and at corresponding prices for gold coin. The bank does not, however, propose to deliver gold for export before the rates of exchange have risen above gold parity. * * * The Netherlands Bank will for the present, when determining the moment when gold shall be delivered for export, only take into account the rates of exchange on these countries (those which have returned to the gold standard) and not the rates of exchange on those countries which still have restrictions on the importation and exportation of gold, and consequently have not yet fully introduced the gold standard, and whose currency does therefore not yet possess, for the time being, an independent fixed gold value or gold parity. The Netherlands Bank, when delivering gold for export, reserves the right to exercise control on the shipment (Netherlands Bank Report 1924-25, p. 56).

Since 1925 the Netherlands Bank has interpreted its policy strictly and has felt obliged to release gold only for shipment to Central Banks which, if so required, have to buy or sell gold at fixed prices and on certain, previously published conditions (Netherlands Bank Annual Report 1929-30, p. 9). Between 1925 and 1930 a number of countries returned to the gold standard in one form or another, but the bank released gold under pressure of the exchange rates to relatively few of them, notably Great Britain, France, and the United States. During that period the bank voluntarily entered into gold transactions with certain Central Banks which had not met its announced requirements, in order to assist in the better distribution of gold stocks in Europe.

The bank's avowed policy of not issuing gold for home circulation was modified when it was decided from November 17, 1925, to issue

10-florin gold pieces to the public, with a view to creating an additional gold reserve in private hands, as well as satisfying the private demand for gold which had not been met for a number of years. During 1925-26 some 24,000,000 florins were so issued in the Netherlands, and 10,000,000 florins in Netherland India. After a few months, however, it developed that the gold coins were being exported and so the amount made available at one time was limited to 250 florins per person. In 1926-27, 7,500,000 florins, net, went into circulation in this way, but as the coins continued to flow abroad the limit was further reduced on July 26, 1927, to 50 florins per person, and in 1927-28 only 1,300,000 florins went into circulation. Only small amounts were so taken up in subsequent years, and in 1930-31 the issuance of gold coins was discontinued.

The number of countries to which the Netherlands Bank would release gold freely in response to exchange fluctuations reached its peak about 1930, and since then has been greatly reduced. In the latter months of 1933 only France and Belgium remained on the eligible list, the free gold market in Paris being utilized for indirect shipments of Netherland gold to England and the United States, as well as for securing gold for domestic requirements of the Netherlands. (Arbitrage operators purchased gold in Paris; the consequent demand for francs put the franc above the gold import point and the Netherlands Bank had to release gold to France.) The United States again became eligible to receive direct gold shipments from the Netherlands Bank on September 12, 1934, when the bank decided:

* * * to resume issue of gold to that country if the rate of exchange should justify it. The duration of this decision is made dependent on the condition that the arrangement concerning release of gold [by the United States] valid on that date continued unchanged, especially that the gold value of the dollar is not reduced further and that release of gold on the basis of that gold value is continued. In general, this arrangement is equivalent to that in effect in Holland (Netherlands Bank Report 1934-35, Dutch edition, p. 16).

The above announcements, most of them recorded in the bank's annual reports, represent the only published declarations of policy affecting the freedom of gold movements in the Netherlands. In effect they now permit the release of gold for export to the Central Banks of France and the United States, because only these two countries meet the requirements of the Netherlands Bank.

In addition to measures tending to restrict the channels through which Netherlands gold can move, the Netherlands Bank controls gold movements through its control of credit. This control is exercised partly in its capacity as a rediscount institution, but to a much greater extent through its moral influence over the commercial banks. The Netherlands banking system is highly integrated, the balance of power resting with about a half dozen large institutions which work in close cooperation with the Netherlands Bank. In times of stress the bank makes known its desires to these commercial banks by means of circular memoranda, and they generally cooperate in carrying out its suggestions. At times, also it calls a meeting of the heads of the large commercial banks, when a general policy is formulated to meet a given situation. Furthermore, the banks periodically report to the Netherlands Bank their gold and foreign exchange holdings, which aids in determining policy at any given time. During the past 2 or 3 years various aspects of policy have in this way been evolved, at times when the florin has been under pressure.

1. The Netherlands Bank may refuse rediscount facilities to banks which hold excessive quantities of gold, and can thereby compel them to release gold so as to relieve the pressure on the florin.

2. The bank raises its rediscount rates promptly when a demand develops for credit to finance speculation and is prepared to carry the rate to any level necessary to check demands of this nature.

3. In times of stress the bank directly appeals to the commercial banks to refuse credit for speculation against the florin.

4. The bank may abstain from reissuing currency utilized to purchase gold, thus tending to contract the circulation and to increase credit stringency.

5. In times of stress it is the policy of the bank and the commercial banks to refrain from financing speculation by entering into forward exchange transactions. Accordingly, forward rates go to extremely high premiums. (Some hold that at times the rates are purposely manipulated in order to cause speculators a maximum of loss.)

All of this relates, of course, only to the gold situation of the Netherlands Bank. There is a private gold market, the extent of which is indicated elsewhere, which is entirely free of restrictions.

There is no smuggling of bullion into or out of the Netherlands.

GOLD

On March 31, 1935, the Netherlands Bank held reserves as follows:

	Florins
Gold bars.....	504, 181, 187
Foreign gold coins.....	179, 981, 157
Netherland gold coins.....	102, 586, 695
Total gold reserve.....	786, 749, 039
Netherland silver and minor coins.....	20, 769, 819
Total metallic reserve.....	807, 518, 858

The weight of the gold in the metallic reserve, converting at the rate of 1,650 florins per fine kilogram, is 476,817.6 fine kilograms. With the exception of 16,991,350 florins held abroad for account of the Netherlands Bank, all the gold in the reserve was held in the bank's own vaults or was en route to the bank (gold being withdrawn from Belgium).

On June 3, 1935, the gold reserve of the Netherlands Bank consisted of 113,593,910 florins in gold coin (practically all Netherland coin, the foreign gold coin—gold marks—having been exported during April and May), and 507,659,165 in gold bullion or a total of 621,253,075 florins. This represents a weight of 376,517 fine kilograms. The sum of 1,193,034 florins of this was held abroad.

Since 1 kilogram equals 32.150742 fine ounces troy, the troy equivalent of the gold holdings on June 3, 1935, was approximately 12,100,000 ounces.

Premium on gold.—The Netherlands being on the gold standard, gold is not bought at a premium above the statutory price. The following details may be of interest: * * * The bank is as a rule passive in selling gold bullion and in purchasing it. In such transactions the Bank maintains a purchase price of 1,647.50 florins and a selling price of 1,653.44 florins per kilogram for bullion and of 1,657 florins and 1,660 florins for current (foreign) coins which can again be issued in the country of origin. This latter fluctuation in

the selling price of coins is due to the variable weight of the coins themselves. Seeing that coins are also sold per fine kilogram and not by number of coins, a kilogram of light pieces will naturally be more advantageous for the purchaser than a kilogram of heavy coins, because both the light and heavy coins are accepted at the same value in the foreign country. This accidental advantage is neutralized by the above-mentioned difference in price so that gold in whatever form or (of) whatever weight is always sold at practically the same price as gold coin and bullion in the foreign country is sold here. In this manner the bank tries to secure as great a degree of stability as possible in the import and export points of gold in relation to the florin in international traffic (Netherlands Bank Report 1925-26, pp. 13-16).

Hoarding of gold.—Since all the restrictions on importation and exportation of gold were removed in 1925, there has been a free gold market in the Netherlands, quite independent of the operations of the Netherlands Bank. At times this gold market has initiated gold imports and at other times exports at prices representing trading profits for operators, rather than reflecting the exchange rates precisely. At other times the private gold market has tended to hoard gold, under the influence of nervousness regarding the stability of the florin, and doubtless even now (June 1935) an important quantity of gold is held for hoarding purposes. No estimates can be obtained with reference to the value of such hoarded gold, and even the Netherlands Bank knows only the amounts held by the commercial banks as part of their cash. No one has estimated how much gold is accumulated in safe-deposit vaults or held elsewhere. However, a rough estimate of the quantity of gold in existence in the private gold market may be made by calculating the differences between movements of gold in foreign trade and the changes in the Netherlands Bank statement, assuming that private gold holdings were insignificant at the end of 1925. The calculation is as follows:

Estimated Privately Held Gold Stock of the Netherlands

[In millions of florins]

Year	Central Bank's stock, increase (-) or decrease (+)	Gold coin issued	Earmarked (-) or released from earmark (+)	Net gold movements in foreign trade imports (+) or exports (-)	Private stock of gold	
					Year's increase (+) or decrease (-)	Cumulative net change since 1925
1925.....	+36			-16	+20	
1926.....	+30	+24	(?)	+12	+6	+66
1927.....	+13	+7	(?)	-15	+5	+71
1928.....	-34	+2	(?)	+34	+2	+73
1929.....	-13		(?)	-28	-41	+32
1930.....	+21			-19	+7	+39
1931.....	-473		+5	+404	+93	+132
1932.....	-134		-108	+286	+44	+176
1933.....	+112		+3	-68	+47	+223
1934.....	+79		+34	-163	-60	+173
1935 ¹	+197		-50	-198	-51	+122

Florins	
¹ Netherlands Bank stock on Apr. 27, 1935.....	479,473,000
Netherlands Bank stock on Dec. 28, 1935.....	442,965,000
Net exports of gold.....	+36,488,000
Net added to private stock.....	-16,401,000
² Negligible.	
³ January-April.	+20,087,000

In the calculation, decreases in the gold holdings of the Netherlands Bank are shown as plus items, i. e., these amounts are theoretically added to the private stock, as are the coinage issues. The corrections for earmarkings (taken from the balance of payments published in Maandschrift of Oct. 31, 1934, p. 1455) are shown as minus items if they represent credits, and as plus items if they represent debits, for the reason that credits represent decreases in the Netherlands Bank figures, and consequently theoretical increases in the private stock, which did not actually take place and which must be compensated accordingly, while the reverse is true of debits.

This calculation is far from exact because: (1) The net foreign trade figures did not include parcel-post shipments until 1933; (2) no data on changes in the earmarked holdings of the Netherlands Bank are available prior to 1930, and the figures for 1934 and 1935 are incomplete; and (3) the calculation omits from consideration the absorption of gold for industrial purposes. Nevertheless, it is fairly safe to assume that something like 100,000,000 florins of gold is at present privately held in the Netherlands either for hoarding purposes, as part of commercial bank reserves, or as stocks for use in connection with private gold arbitrage operations.

THE GOLD CLAUSE

The gold clause in Netherlands contracts in terms of Netherlands currency has never been questioned and is still valid. There have been a number of lawsuits in connection with contracts executed by Netherlands firms or public bodies in terms of United States dollars, and decisions have been handed down both for and against the maintenance of the gold clause, depending on circumstances.

SILVER

The position of silver in the Netherlands as described in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, still obtains.

The weight of fine silver in monetary use, based upon Netherlands mint figures for January 1, 1935, is 999,231.4 kilograms, equivalent to about 32,000,000 fine ounces troy. It is impossible to secure statistics, or even estimates, of the proportion of the circulation held by the general public and the banks. The Government holds no silver. The Netherlands Bank on January 1, 1935, held silver coin totaling 17,936,198 florins face value, as shown in the following statement:

	Face value in florins
2½ florins.....	9,487,197.50
1 florin.....	8,022,852.00
½ florin.....	109,794.00
Minor silver coins.....	300,673.20
Minor nickel and bronze coins.....	15,680.97

Total..... 17,936,197.67

The silver content of the coinage held by the Netherlands Bank, on January 1, 1935, was 127,004.9 kilograms, or about 4,083,000 fine ounces troy. The coin holdings of the Netherlands Bank amounted to 20,876,810.04 florins on June 3, 1935.

NEWFOUNDLAND

The monetary unit is the Newfoundland dollar (symbol \$), divided into 100 cents. The Newfoundland dollar has a par value of 1.6931.

DESCRIPTION AND CIRCULATION OF CURRENCY

The present monetary system was established by an act passed January 7, 1895. Under this act all British coins and United States gold coins are legal tender.

The following tables describe the currency.

Any coins struck prior to the date of the coinage order of March 30, 1917, continue to be legal tender in Newfoundland. The quantity of such old coins in circulation is not known.

Foreign metal currencies in circulation consist of small quantities of British silver and copper coins.

Coins are legal tender for all private and Government debts with the following limitations: Silver coins in amounts to \$10 and copper coins in amount of 25 cents.

Only a very small amount of Newfoundland gold coins were ever minted, and none are now in circulation. In June 1935 the volume of silver coins in circulation amounted to approximately \$2,046,600, but the records do not show how much of each denomination was in circulation. There were also in circulation bronze 1-cent coins to the value of \$38,860.

Coins of Newfoundland¹

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)
			Grams	Grains	Grams	Grains		
50 cents.....	Silver.....	0.925	11.6638	179.9958	10.7800	166.4955	29.72	1.63
25 cents.....	do.....	.925	5.8319	89.9979	5.3945	83.2479	23.62	1.30
20 cents.....	do.....	.925	4.6655	71.9980	4.3156	66.5983	.....	.....
10 cents.....	do.....	.925	2.3328	35.9993	2.1578	33.2992	17.91	.89
5 cents.....	do.....	.925	1.1664	17.9999	1.0780	16.6496	15.40	.59
1 cent.....	Copper.....	.950	5.6099	87.4979	.....	.....	25.40	1.23

¹ Total amount of coins outstanding in June 1935 was \$2,085,460. The amount of 1-cent coins was \$38,860, but amounts of other coins are not available.

² Tin, 0.040; zinc, 0.010.

NOTE-ISSUING AUTHORITY

Treasury notes of the Newfoundland Government in 1- and 2-dollar denominations were in circulation on June 10, 1935, to the total value of \$56,823. No issues have been made by other governmental units, and there is no Central Bank in Newfoundland. Branches of four Canadian banks have offices in this country, namely, Bank of Montreal, Bank of Nova Scotia, Canadian Bank of Commerce, and Royal Bank of Canada. The notes of these Canadian banks, in denominations of 5 dollars and upward, are legal tender in Newfoundland. It is impossible to state, nor can the banks tell, the value of the Canadian bank notes in circulation in Newfoundland. There is no other note-issuing agency.

The Treasury notes are engraved and printed in Canada on paper which consists of linen (75 percent) and cotton (25 percent). These notes are 7¼ by 3½ inches in size.

RESERVE REQUIREMENTS

There are no specified currency reserves, but an amount equivalent to the value of the Treasury notes in circulation less the original cost of printing them, is deposited with the Bank of Montreal.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The Currency Act, 1932, prohibited the export of gold from Newfoundland, save under license of the Government, but this prohibition was withdrawn by Act No. 31 of August 4, 1934. Smuggling is not believed to exist.

GOLD

There is no reserve of gold held in Newfoundland, and no gold is being purchased by the Government. It is not believed that Newfoundland gold currency is hoarded to any great extent by the public. The total amount of gold issued between 1865 and 1888 was \$197,000, all in 2-dollar pieces, and none has been issued since. It is believed that most of this gold has been exported, as none is now in active circulation.

THE GOLD CLAUSE

No information regarding the legal status of the gold clause in domestic contracts, as determined by law, is available.

SILVER

The local branches of the Canadian banks hold large stocks of silver currency. No information is available regarding the weight of fine silver in monetary use.

NEW ZEALAND

The monetary unit is the New Zealand pound (symbol £), divided into 20 shillings (s.) of 12 pence (d.) each. The New Zealand pound has a par value of approximately \$8.2397, but is at present (November 1935) depreciated, being pegged to the pound sterling at a rate altered from time to time. The rate in November 1935 was approximately £125 New Zealand per £100 sterling.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Subject to the modifications of the New Zealand Coinage Act, 1933, the legal coinage of New Zealand is the same as that of Great Britain, as determined from time to time by royal proclamation under the British Coinage Act of 1870.

Gold coins have disappeared from circulation.

Certain coins, namely—the crown, double florin, and farthing have never circulated to any appreciable extent, and are almost never seen.

Coinage of distinctive New Zealand design was first put into circulation toward the end of 1933. This coinage was authorized by the Finance Act, 1932-33, and was minted by the Royal Mint in England. In accordance with the New Zealand Coinage Act of 1933, the following denominations were put into circulation: Half-crown, florin, shilling, sixpence, and threepence.

Coins of New Zealand

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding on Sept. 30, 1935
			Grams	Grains	Grams	Grains			
Half crown (2½s.)	Silver	0.500	14.1380	218.1818	7.0690	109.0909	32.50	2.41	£666,500
Florin (2s.)	do.	.500	11.3104	174.5455	5.6552	87.2727	28.50	2.41	570,500
Shilling (1s.)	do.	.500	5.6552	87.2727	2.8276	43.6364	23.59	1.91	354,000
Sixpence (6d.)	do.	.500	2.8276	43.6364	1.4138	21.8182	19.40	1.65	179,000
Threepence (3d.)	do.	.500	1.4138	21.8182	.7069	10.9091	16.25	1.14	150,000
Total									1,920,000

NOTE.—Of the amounts shown as outstanding, £306,928 of half-crowns (2s.6d.), £299,350 of florins (2s.), £189,093 of shillings, £91,605 of sixpence, £32,718 of threepence were held by the public. The remainder were in possession of the Reserve Bank and trading banks. Silver coin has legal tender to an amount not exceeding £2.

NOTE-ISSUING AUTHORITY

The Reserve Bank of New Zealand has the sole right to issue bank notes. Its notes are described in the following table.

Before the Reserve Bank commenced business on August 1, 1934, the six trading banks in New Zealand exercised the power to issue bank notes, but that right ceased on August 1, 1934. About £622,122 of the notes issued by the trading banks prior to that date (including notes lost or destroyed) are still outstanding. The denominations of notes hitherto issued by the trading banks were the following: 100, 50, 20, 10, 5, and 1 pound, and 10 shillings.

Notes of the Reserve Bank of New Zealand

Denomination	Dimensions	Amount outstanding Sept. 10, 1935
50 pounds	7 by 3½ inches	£291,700
5 pounds	7 by 3½ inches	3,917,545
1 pound	7 by 3½ inches	4,064,712
10 shillings	7 by 3½ inches	584,526
Total		8,958,483

NOTE.—The above total comprises notes held by the public and by the trading banks. Reserve Bank notes have unlimited legal tender.

The total amount of notes in circulation on October 21, 1935, was as follows:

Notes issued by the Reserve Bank:	
In the hands of the public	£5,664,221
Held by the trading banks	3,294,262
Total	8,958,483
Notes hitherto issued by the trading banks and still outstanding	622,122

The board of the Reserve Bank consists of the governor and deputy governor, three directors representing the State, and four representing the shareholders, with the Secretary to the Treasury, an ex-officio member without voting rights. The three State directors are appointed by the governor in council, who was also required to make the first appointments of the governor, deputy governor, and the four shareholder directors, subsequent appointments of the latter

to be made by the shareholders and of the former, by the governor in council on the recommendation of the board of directors.

Decisions of the board on any proposal are in accordance with the majority of the valid votes given thereon.

The governor of the bank, at the first ordinary general meeting of shareholders, stated:

It must be clearly understood that the Reserve Bank should always maintain an entirely nonpolitical attitude. The board accepts the view that the ultimate responsibility for the monetary policy of the Dominion must rest with the Government of the day, but holds that it is the duty of the bank to tender to the Government impartial advice on monetary matters and to exercise its own judgment in carrying out those functions entrusted to it.

RESERVE REQUIREMENTS

The Reserve Bank of New Zealand is required to maintain a minimum reserve of not less than 25 percent of the aggregate amount of its notes in circulation and other demand liabilities. The composition of the reserve is prescribed in section 17 of the Reserve Bank of New Zealand Act as follows:

- (2) For the purposes of this section the term "reserve" includes only—
 - (a) Gold coin and bullion in the unrestricted ownership of the bank.
 - (b) Sterling exchange comprising—(i) Deposits at the Bank of England; (ii) British Treasury bills with an unexpired currency of not more than 3 months; (iii) bills of exchange payable in London, bearing at least two good signatures, with an unexpired currency of not more than 3 months.
 - (c) Net gold exchange (as hereinafter defined in this paragraph) in the unrestricted ownership of the bank, if such exchange is on a country the currency of which by law and in fact is convertible on demand at a fixed price into exportable gold. For the purposes of this paragraph the expression "net gold exchange" means—(i) Balances standing to the credit of the bank at the central bank of the country of origin of the currency in question; (ii) bills of exchange payable in a gold currency, maturing within 3 months, and bearing at least two good signatures; less any liabilities of the bank in currencies other than New Zealand currency.

Section 18 of the act provides that the minimum reserve requirements may be suspended by the Minister of Finance at the request in writing of the board of directors of the bank for such period, not exceeding 30 days, as may be specified by the Minister, but an extension may be granted for further periods not exceeding 15 days at any one time.

Whenever the reserve maintained by the bank falls below the minimum legal limits, the bank is required to pay a graduated tax on the amount of the deficiency as follows: (a) One percent per annum of the deficiency where the reserve falls below 25 percent but not below 20 percent; (b) when the reserve falls below 20 percent the tax shall be 1 percent plus 1½ percent per annum for every 2½ percent or part thereof by which the reserve falls below 20 percent.

Regarding balances which the banks must maintain with Reserve banks, section 45 of the act provides that within 12 months after the Reserve Bank begins operations all other banks must establish balances in the Reserve Bank of not less than 7 percent of their demand liabilities in New Zealand other than in the form of bank notes and of not less than 3 percent of their time liabilities in New Zealand as shown in the last preceding monthly returns furnished by the several banks. Member bank reserves must consist of gold, sterling, or notes of the Reserve Bank, or, with the consent of the board, of any Government or other securities in which the Reserve Bank is authorized to invest its funds.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no restrictions on bullion movements, but gold bullion exports are subject to an export duty.

The exportation of gold coin has been restricted since 1914. The current restriction, dated December 7, 1934, and issued under the authority of the finance act (no. 3), 1934 (to remain in force until repealed), prohibits the exportation of coined gold except with the consent in writing of the Minister of Finance.

By order in council dated July 21, 1933, the importation or exportation of silver coin is prohibited except with the consent of the Minister of Customs, subject, however, to the provisions contained in order in council dated July 20, 1931, to the effect that:

(a) Any person arriving in New Zealand may bring with him coined silver not exceeding £2 in amount.

(b) Any person leaving New Zealand may take with him coined silver not exceeding £2 in amount, unless he is proceeding to Great Britain or Ireland by direct route, without transshipment en route, in which case, he may take £5.

An order in council dated July 23, 1935, provides that the exportation of coined copper from New Zealand, except with the consent of the Minister of Customs, is prohibited.

GOLD

Gold coin is held by the Reserve bank in accordance with section 15 (2) of the Reserve bank of New Zealand Act, which reads as follows:

On the date proclaimed by the Governor General in accordance with the last preceding subsection, or within such time thereafter as may be prescribed by the Governor General in the same or in a later proclamation, every bank carrying on business in New Zealand shall transfer to the Reserve bank, in exchange for the equivalent value of banknotes of the Reserve bank, or for credit with that bank, all gold coin or bullion then held by it on its own account.

The total amount of gold now held by the Reserve bank (all in coin) is £2,801,732, equivalent to approximately 59,960 pounds troy.

Gold is not purchased at a premium by the Government or the Reserve bank.

Any hoarding which may exist is not believed to be extensive.

THE GOLD CLAUSE

The gold clause is not applicable in New Zealand.

SILVER

The weight of fine silver, subject to the qualification mentioned below, held in New Zealand in the form of coins (0.500 fine) is estimated as follows:

	Ounces troy
Held by the general public.....	1, 690, 718
Held by the banks.....	1, 800, 194

The above figures do not include British and Australian coin still in circulation, particulars of which are not available.

The Government does not carry stocks of silver; its holdings, which are for ordinary requirements, are included in the amount shown above as held by the general public.

NICARAGUA

The monetary unit is the cordoba (symbol C\$), divided into 100 centavos. The nominal gold parity is \$1.6933, as the cordoba theoretically possesses approximately the same gold content as the former United States dollar.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

The notes of the National Bank of Nicaragua are unlimited legal tender. The notes are engraved and printed in the United States on paper made in the United States of new rags, 75 percent linen and 25 percent cotton. The wet intaglio process of printing is used.

Subsidiary silver and minor coins are legal tender up to 10 cordobas.

The importation of foreign minor coins is permitted. There are no old issues of coins in circulation.

No restrictions are placed on the importation of foreign notes. The only foreign notes that circulate to any considerable extent are those of the United States. There are no old issues of notes in circulation.

Paper Currency of Nicaragua

Denomination	Dimensions	Amount outstanding May 31, 1935 (millions of cordobas)
100 cordobas.....	3¼ by 6¼ inches.....	0.2
50 cordobas.....	3¼ by 6¼ inches.....	.7
20 cordobas.....	3¼ by 6¼ inches.....	.3
10 cordobas.....	3¼ by 6¼ inches.....	.3
5 cordobas.....	3¼ by 6¼ inches.....	.5
2 cordobas.....	3¼ by 6¼ inches.....	(?)
1 cordoba.....	3¼ by 6¼ inches.....	.8
Total.....		* 2.9

¹ Being retired from circulation.

² 7,130 cordobas.

³ The discrepancy in the summation is due to abbreviation of the items.

Coins of Nicaragua

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding May 31, 1935 (thousands of cordobas)
			Grams	Grains	Grams	Grains			
1 cordoba.....	Silver.....	¹ 0.900	25.00	385.8089	22.50	347.2280	38.0000	* 3.500	11
50 centavos.....	do.....	1.800	12.50	192.9045	10.00	154.3236	30.0228	2.286	28
25 centavos.....	do.....	1.800	6.25	96.4522	5.00	77.1618	24.0538	1.778	122
10 centavos.....	do.....	1.800	2.50	38.5809	2.00	30.8647	17.907	1.346	184
5 centavos.....	Nickel.....	1.250	5.00	77.1618	.....	.....	21.209	1.981	85
1 centavo.....	Copper.....	1.950	4.00	61.7294	.....	.....	20.320	1.651	64
½ centavo.....	do.....	1.950	2.50	38.5809	.....	.....	17.00	1.50	19
Total.....									* 511

¹ Alloy is copper.

² At rim.

³ Alloy is tin and zinc.

⁴ The discrepancy in the summation is due to abbreviation of the items.

NOTE-ISSUING AUTHORITY

The Banco Nacional de Nicaragua is the only bank of issue. The Government has by law and in actual practice a controlling influence in the affairs of the bank.

RESERVE REQUIREMENTS

The monetary law of 1912 governs the circulation of currency in Nicaragua.

It is stated that the gold reserve is at present about 15 percent of the amount of currency in circulation. Approximately \$450,000 is said to be deposited in New York City and London as a reserve against the currency. Silver is not included in the reserve, and no silver is held in the form of bullion.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Decree no. 180 of August 16, 1935, provides that owners or exploiters of gold mines might, under the supervision of the Exchange Control Commission, dispose of up to 70 percent of the net production, provided that this amount was necessary to cover interest, dividends, and amortization on capital known to be newly invested, or for salaries of technicians or other foreign employees, or for other expenses necessarily incurred abroad for the exploitation, improvement, or expansion of the mines. The balance of the exchange was to remain at the disposition of the commission, to be negotiated by the miner or direct exploiter with the National Bank of Nicaragua, at the official rate of exchange.

On November 9, 1935, there were published in the Office Gazette new regulations restricting the purchase of gold and making it unlawful for any person or organization in Nicaragua, other than the National Bank and its authorized agents, to deal in gold.

GOLD

It is stated that about 3,000 ounces of gold are now being held in Managua by the National Bank.

In February 1935 the bank began to purchase gold at 45 cordobas per ounce.

It is believed that gold hoarding by the public is negligible.

Under a regulation of the Exchange Control Commission published on November 9, 1935, only the National Bank may buy or sell gold. The price is to be that agreed upon by the bank and the seller, if payment is made in cordobas. If payment is made in foreign money, the price is to be the world price, less necessary expenses.

THE GOLD CLAUSE

When a gold clause exists in domestic contracts, payment can be made legally at the rate of 1.10 cordobas per dollar.

SILVER

The position of silver is described in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933. No additional information is available.

A total of 344,662 cordobas of silver coins is in circulation in Nicaragua.

NORWAY

The monetary unit of Norway is the krone (abbr. kr., plural, kroner), divided into 100 øre. The krone has a par value of \$0.4537.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables. The present system of currency was established by the Norwegian monetary law of March 18, 1924.

The use of checks, while general in Norway, is not as widespread as in the United States. As a rule all cash purchases and most small accounts are settled by currency payments. This is perhaps due, in part, to the facts that banks render accounts to their customers only once a year and that they do not return canceled checks.

Paper Currency of Norway

Denomination	Dimensions	Amount outstanding June 30, 1935 (millions of kroner)
1,000 kroner.....	216 by 127 millimeters.....	51.1
500 kroner.....	216 by 127 millimeters.....	8.0
100 kroner.....	144 by 127 millimeters.....	104.0
50 kroner.....	144 by 127 millimeters.....	48.0
10 kroner.....	127 by 72 millimeters.....	102.0
5 kroner.....	127 by 72 millimeters.....	18.0
Total.....		332.1

Coins of Norway

Denomination	Metal of chief value	Gross weight		Diameter (mm)	Diameter of hole in center of coin (mm)	Thickness (mm)	Amount outstanding March 1935 (millions of kroner)
		Grams	Grains				
1 krone.....	Nickel.....	7.0	108.024	25	5	1.6	9.5
50 øre.....	do.....	4.8	74.073	22	4	1.4	2.7
25 øre.....	do.....	2.4	37.036	17	3	1.2	2.1
10 øre.....	do.....	1.5	23.148	15	3	1.0	2.5
5 øre.....	Copper.....	8.0	123.456	27		2.0	.9
2 øre.....	do.....	4.0	61.728	21		1.7	.6
1 øre.....	do.....	2.0	30.864	16		1.4	1.1
Total.....							19.4

NOTE.—The nickel coins consist of 25 parts nickel and 75 parts copper. The copper coins consist of 95 parts copper, 4 parts tin, and 1 part zinc. Silver coins of 2 kroner, 1 krone, 50, 25, and 10 øre were minted prior to 1924, but are no longer in circulation.

NOTE-ISSUING AUTHORITY

The Norges Bank possesses the exclusive right of issuing bank notes. Although the bank is a joint stock company, it is controlled by the Government. The bank is managed by a board of representatives consisting of 15 members and a board of directors consisting of 5 members. The board of representatives is elected by Parliament. The president and vice president of the bank are

appointed by the Crown, whereas the other three members of the board of directors are elected by Parliament. Each branch of the bank has its local board consisting of three members. The managers of the branches are selected by a committee of Parliament.

By law the profits of the bank must be distributed as follows: (1) A dividend of 6 percent per annum to the stockholders; (2) one-half of the remaining profits to the Treasury; (3) an additional amount equivalent to 3 percent on their shares to the stockholders; (4) of the balance then remaining, three-fourths to the Treasury and one-fourth to the stockholders.

RESERVE REQUIREMENTS

The Norges Bank may issue notes to the value of 250,000,000 kroner in excess of its gold reserve. The latter may be in coin or in bullion, which the bank has in its vaults or in the Royal Mint. It is interesting to note that in July 1935 the outstanding note circulation of the bank amounted to 330,000,000 kroner as compared with total gold holdings of 165,000,000 kroner. In other words, the note circulation at that time exceeded gold holdings by 165,000,000 kroner.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

On September 27, 1931, with the suspension of the redemption of notes in gold, an embargo was placed upon gold exports. This embargo is still in effect.

It is unlikely that smuggling of gold occurs, as there has been practically no gold in private hands.

GOLD

In addition to 118,800,000 kroner of gold held as cover for its notes on July 8, 1935, the Norges Bank had, as part of its holdings of foreign exchange, funds provisionally placed in gold amounting to 46,200,000 kroner.

The Norges Bank has no fixed buying rate for gold. The price depends upon the value of the Norwegian crown in relation to foreign gold currencies. The bank is presumably the only buyer of gold in Norway.

It is believed that no gold hoarding exists.

THE GOLD CLAUSE

A law of December 15, 1923, gives the debtor the right to demand postponement of date of payment if the debt is fixed in gold kroner and the creditor refuses payment in Bank of Norway notes. Paragraph I of this law, as translated, reads as follows:

If the debtor has legally undertaken to pay a money debt in kroner in gold and the creditor refuses to accept payment in Bank of Norway notes at their nominal gold value, said debtor may demand postponement of the date of payment so long as the Bank of Norway is exempt from the obligation to redeem its notes at their face value as expressed thereon. If the creditor withdraws his refusal, he cannot then claim payment, as above stated, before the expiration of a three months' period. During the time of postponement interest shall be paid at 4 percent per annum in bank notes at their face value. The right to claim postponement cannot be waived in advance except by the State, municipalities, the Bank of Norway, and other banks wholly guaranteed by the State.

SILVER

There is no longer any silver in monetary use in Norway.

PALESTINE

The monetary unit is the Palestine pound (symbol £P), divided into 1,000 mils. The Palestine pound is the exact equivalent of the pound sterling and has, therefore, a par value of approximately \$8.2397.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying tables describe the currency.

Each note has its denomination and value printed on its face in three languages: English, Arabic, and Hebrew.

No old issues of notes are in circulation. Foreign notes are not in general circulation.

There are no prohibitions on the importation of foreign notes, but they are not legal tender.

The use of checks and paper bills is not widespread.

Silver coins are legal tender for payments not exceeding 2 pounds; coins of 10 and 20 mils, for payments not exceeding 200 mils; and coins of less than 10 mils, for payments not exceeding 100 mils.

Paper Currency of Palestine¹

Denomination	Dimensions	Amount outstanding May 31, 1935 (thousands of Palestine pounds)
100 Palestine pounds.....	191 by 102 millimeters.....	12
50 Palestine pounds.....	191 by 102 millimeters.....	86
10 Palestine pounds.....	191 by 102 millimeters.....	1,014
5 Palestine pounds.....	191 by 102 millimeters.....	1,677
1 Palestine pound.....	165 by 89 millimeters.....	1,913
½ Palestine pound (500 mils).....	127 by 76 millimeters.....	300
Total.....		5,002

¹ Printed in London on linen-rag paper. Watermarks, including an olive sprig in the circular panel, are used as protective devices against counterfeiting.

Coins of Palestine

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding May 31, 1935 (thousands of Palestine pounds)
			Grams	Grains	Grams	Grains			
100 mils.....	Silver.....	1 0.720	11.6638	180.0	8.3979	129.60	29	2.24	233
50 mils.....	do.....	1 0.720	5.8319	90.0	4.1990	64.80	23.6	1.68	225
20 mils ¹	Nickel.....	1 250	11.3308	175.0	.....	.....	30.5	2.29	25
10 mils ²	do.....	1 250	6.4799	100.0	.....	.....	27	1.78	30
5 mils ³	do.....	1 250	2.9160	45.0	.....	.....	20	1.50	26
2 mils.....	Copper.....	1 955	7.7759	120.0	.....	.....	28	1.84	2
1 mil.....	do.....	1 955	3.2399	50.0	.....	.....	21	1.40	4
Total.....									539

¹ Alloy is copper.

² Has a 7 mm hole in the center.

³ Tin 0.030; zinc 0.015.

NOTE-ISSUING AUTHORITY

The sole agency for the issuance of notes in Palestine is the Palestine Currency Board, a quasi-independent department of the British Government functioning under the immediate supervision of the Secretary of State for the colonies, with offices in London.

RESERVE REQUIREMENTS

The reserves consist of British currency and securities held in London. The currency board may purchase securities of the Government of any British Dominion in such amounts as the Secretary of State may approve.

On March 31, 1935, a total of 6,037,719 Palestine pounds was held in the currency reserve fund. Of this amount, 5,044,297 Palestine pounds was invested in securities.

EMBARGOES AND RESTRICTIONS ON BULLION MOVEMENTS

No embargo or restriction on bullion movements exists, and there is no evidence of smuggling.

GOLD

Gold hoarding is believed to exist only in isolated cases.

THE GOLD CLAUSE

The status of the gold clause in Palestine is the same as in the United Kingdom.

SILVER

The Government of Palestine maintains no silver reserves of any nature. The amount of silver in monetary use in Palestine is thus limited to that in circulation, namely, 458,000 Palestine pounds.

PANAMA

The monetary unit is the balboa (abbreviation b.), divided into 100 centesimos. Although the balboa is nominally equivalent to the United States dollar, its legal gold content is slightly greater.

DESCRIPTION AND CIRCULATION OF CURRENCY

The coinage is described in the accompanying table. There are no Panamanian notes.

The President was authorized by law no. 37 of 1934 (see Gaceta Oficial No. 6959 of Dec. 19, 1934) to coin up to 10,000 balboas of 1- and 2-centesimo pieces. These coins will be minted out of an alloy composed of 95-percent copper and 5-percent zinc and tin. The 1-centesimo piece will weigh 48 grains and the 2-centesimo piece, 72 grains. (The original decree quoted the above figures as grams, a typographical error.) No mention is made as to the thickness or diameter, but the Government has specified that the 1-centesimo coins will be of the same diameter and thickness as the American 1-cent piece. So far, no 2-centesimo pieces have been minted and it is doubtful that any will be for some time to come.

Law no. 37 of 1934, under article 4, prohibits any further coinage of 2½-centesimo pieces which are commonly referred to locally as

"medios." This is an awkward coin, and not only makes additional work for bookkeepers but has always been unpopular with residents of the Canal Zone. It is quite likely that after the Government has had a sufficient quantity of 1- and 2-centesimo pieces minted, the 2½-centesimo pieces will be called in and melted.

United States notes are the only notes in circulation. There are no prohibitions on the importation of foreign notes, but only United States notes are legal tender.

The use of checks is general.

Coins of Panama¹

Denomination	Metal of chief value	Finesness	Gross weight		Silver content		Diameter (inches)	Thickness (inches)	Amount outstanding on May 31, 1935 (thousands of balboas)
			Grams	Grains	Grams	Grains			
1 balboa.....	Silver.....	2 0.900	26.7290	412.5000	24.0561	371.2500	1.500	0.114	425
50 centesimos.....	do.....	2 900	12.5000	192.9000	11.2500	173.6100	1.205	.086	286.500
25 centesimos.....	do.....	2 900	6.2500	96.4500	5.6250	86.8050	.955	.067	196
10 centesimos.....	do.....	2 900	2.5000	38.5800	2.2500	34.7220	.705	.053	102.5
5 centesimos.....	Nickel.....	2 250	5.0000	77.1600	.....	.....	.835	.078	41.640
2½ centesimos ⁴	do.....	2 250	3.3333	51.4400	.....	.....	.7086	.069	25
1 centesimo ⁴	Copper.....	4 950	3.1100	48.0000	.....	.....	.750	.062	2
Total.....									1,078.640

¹ Does not include American coins in circulation (see text).

² Alloy is copper.

³ Information as of Oct. 15, 1935.

⁴ See text under Description and Circulation of Currency.

⁵ Alloy is zinc and tin.

NOTE-ISSUING AUTHORITY

Panama's entire monetary stock is composed of metallic coins. Although during the last session of the national assembly a bill was passed authorizing the Banco Nacional to issue up to 4,000,000 balboas in notes, the President vetoed it. Since American paper currency circulates freely in all sections of the Isthmus, it is hardly likely that Panama will attempt to issue any paper currency in the near future.

RESERVE REQUIREMENTS

In order to guarantee the parity of the Panamanian silver coins so that they will circulate freely in the Panama Canal Zone, the Panamanian Government must keep on deposit with New York banks 15 percent of the dollar value of such coins. (This deposit at present is divided almost equally between two large banks.)

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Both gold and silver may be purchased, sold, and exported without any restriction. In this connection, it is worth noting that the Government's entire monetary stock at the time the United States suspended the gold standard was composed of silver and nickel coin. So far as is known, the Government has not attempted to maintain reserves in gold.

GOLD

No official estimates as to the quantity of gold now hoarded in the country are available, but the amount is believed to be very small. After the United States went off the gold standard, a fairly large amount of gold came out of hiding and was sold.

THE GOLD CLAUSE

Until the United States suspended the gold standard, practically all domestic contracts called for the payment in gold, either United States dollars or balboas. Since then, as far as is known, no one has resorted to law to collect in gold. The banks report that a few of their customers in Europe have demanded payment in gold, but without success.

The Government has taken no legal action either to uphold the gold clause in domestic contracts or to repudiate it. The 1903 treaty between the United States and Panama called for canal annuity payments to be made in gold dollars. After some delay the Government of the United States acceded to the request that this provision be complied with. On the other hand, although Panama's public debt calls for payment in gold, interest and amortization payments have been made in current dollars, and there is no indication that the Government's policy in this regard will be altered.

SILVER

The amount of silver in the hands of the general public, the banks, and the Government, cannot be ascertained. Local bankers state that approximately as much American as Panamanian silver circulates on the Isthmus.

During recent years several attempts have been made to determine the amount of American currency in circulation on the Isthmus, but no one has been able to arrive at a reliable figure. The paymaster of the Panama Canal estimates that the total monetary stock, including balboa currency, ranges between \$4,500,000 and \$5,000,000.

PARAGUAY

The monetary unit is the peso (symbol \$), divided into 100 centavos. As the currency of Paraguay is fiduciary in character, it is impossible to give an official parity for the Paraguayan peso in terms of foreign currency.

DESCRIPTION AND CIRCULATION OF CURRENCY

The circulating medium consists of paper notes issued by the exchange office (oficina de cambios) and nickel coins issued for the account of the Treasury, in addition to Argentine paper and metallic currency which has long had an extensive circulation in Paraguay and is largely used in foreign transactions although it has no legal-tender status.

Because of Paraguay's intimate economic relationships with Argentina, foreign exchange operations in Paraguayan currency have long been based on the Argentine peso. For example, by a law enacted in March 1923, it was provided that the Paraguayan peso should be converted into Argentine paper pesos at the ratio of 18.75 to 1. On

August 17, 1935, the official exchange rate of the Paraguayan peso for the Argentine peso was raised to 25 to 1.

In recent years the currency issues of the exchange office have been greatly expanded with the result that the great bulk of the currency in circulation now consists of Paraguayan pesos, and the foreign exchange value of the peso has greatly declined.

For a considerable period only the Government has been able to purchase foreign exchange at the official rate (since Aug. 17, 1935, 25 Paraguayan pesos per Argentine paper peso); and the Government requirements have absorbed practically all of the exchange available at the official rate. As a result, private individuals have been obliged to resort to the curb market which, though technically illegal, is permitted to operate freely. At the beginning of December 1935, the curb rate for Argentine pesos was about 91; and for dollars, between 330 and 341.

Paper Currency of Paraguay¹

Denomination	Dimensions	Denomination	Dimensions
1,000 pesos.....	180 by 107 millimeters	50 pesos.....	150 by 85 millimeters
500 pesos.....	170 by 102 millimeters	10 pesos.....	148 by 75 millimeters
200 pesos.....	169 by 95 millimeters	5 pesos.....	142 by 75 millimeters
100 pesos.....	160 by 88 millimeters		

¹ Engraved. The notes are printed abroad on paper of 75 percent linen and 25 percent cotton.

Coins of Paraguay

Denomination	Metal of chief value	Fineness	Gross weight		Diameter (mm)	Thickness (mm)
			Grams	Grains		
2 pesos.....	Nickel.....	1 0.250	4.0000	61.7280	23.3012	1.3716
1 peso.....	do.....	1.250	3.0100	46.4500	19.3040	1.3970
50 centavos.....	do.....	1.250	2.0700	31.9440	17.2720	1.2192

¹ Alloy is copper and a very small amount of tin.

The amount of 2-peso, 1-peso, and 50-centavo nickel coins in circulation in September 1935 was about 8,000,000 pesos. It is reported that the Paraguayan Congress has passed a bill authorizing the executive to issue, through the exchange office, 43,000,000 pesos of new metallic currency in the following denominations, amounts, etc.

Denomination	Metal of chief value	Fineness	Diameter (mm)	Thickness (mm)	Number of pieces
10 pesos.....	Nickel.....	1 0.750	28.0	1.6	2,000,000
5 pesos.....	do.....	1.750	25.0	1.6	2,500,000
2 pesos.....	Aluminum.....	(2)	(2)	(2)	2,500,000
1 peso.....	do.....	(2)	(2)	(2)	3,500,000
50 centavos.....	do.....	(2)	(2)	(2)	4,000,000

¹ Alloy is to be copper. Weight of coins to be determined by executive.

² The law is said to prescribe that these coins shall have the same characteristics as those issued pursuant to law no. 743, but the executive is authorized to fix their weight and thickness.

The new coins of 10 and 5 pesos, it is reported, must be exchanged for notes of the same denominations. The other new coins must be exchanged for notes and coins issued under law no. 742. The bills taken in exchange must be incinerated, while the old coins so received must be demonetized within a period to be determined by the executive.

NOTE-ISSUING AUTHORITY

The Exchange Office has complete control of the monetary system of Paraguay, although it also engages in commercial banking. It is the only note-issuing authority in Paraguay. It operates on capital supplied by the Government, and is controlled by a board of governors appointed by the President and confirmed by the Senate.

RESERVE REQUIREMENTS

There has never been any legal requirement regarding reserves against the currency. However, from the statements which it issued at regular intervals for a number of years, prior to the outbreak of the war between Paraguay and Bolivia, the Exchange Office apparently regarded its holdings of foreign currencies as a reserve against its issues of Paraguayan currency. As these foreign currencies were then freely redeemable in gold on demand, and as the Exchange Office was successful during that period in its efforts to establish a fixed rate of exchange for the Paraguayan peso in terms of the Argentine peso (42.61 Paraguayan paper pesos per Argentine gold peso or 18.75 Paraguayan pesos per Argentine paper peso), it would appear that the Paraguayan currency was then on a gold-exchange standard. During the war with Bolivia, the available supplies of foreign exchange in Paraguay were heavily drawn upon to meet the Government's expenditures abroad for military purposes. At the same time the currency was greatly expanded. As a result, the open-market rate of exchange declined to such an extent that in November 1935 the rate on Buenos Aires was as low as 91 Paraguayan paper pesos per Argentine peso, as compared with the declared official rate of 25 to 1.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no legal restrictions on the importation of gold and silver into the country, but there can be no exportation of gold by the public. A bill is now under consideration in the Chamber of Deputies whereby the exportation of gold would be specifically prohibited by law. It is believed that there is no extensive smuggling of gold.

GOLD

Data concerning present gold reserves are withheld, as a matter of Government policy. During the early stages of the war with Bolivia, gold was exported privately in rather large quantities. This was checked by the purchase of gold by the Exchange Office at prices above those previously obtained by private exporters.

No gold hoarding exists.

THE GOLD CLAUSE

The gold clause in private domestic contracts has been suspended by a moratorium law which has twice been extended. The last extension expires on May 31, 1936.

SILVER

Silver is not used for any monetary purpose.

PERU

The monetary unit is the sol (abbreviation s/.), divided into 100 centavos. The sol has a par value of approximately \$0.4741.

The sol was established by law no. 7126 of April 18, 1931, as consisting of 42.1264 centigrams of fine gold. The gold-exchange standard was continued until May 14, 1932.

DESCRIPTION AND CIRCULATION OF CURRENCY

No gold coins are in circulation.

The history of the present silver coins is as described in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

Between 1930 and the end of 1933 the volume of silver in circulation increased from 17,743,416 to 18,123,416 soles. In April 1934 Peru became a party to the London Silver Agreement, under which it was to absorb from its domestic production during the 4 years beginning January 1, 1934, an average of 1,095,325 fine ounces per year. Since on January 1, 1934, the silver coins in circulation amounted to 18,123,416 soles, only 4,876,584 soles of coins could be issued under the coinage laws of 1922, which fixed the total at 23,000,000 soles. The fine silver content of 4,876,584 soles is 1,959,821 fine ounces. Silver disks to this amount were purchased in London and coined in the National Mint at Lima, 2,855,000 1-sol pieces being put into circulation in 1934. In the first 4 months of 1935, 695,000 1-sol pieces and 2,653,000 ½-sol pieces were coined and issued, raising the total by April 30, 1935, to the legal limit of 23,000,000 soles.

With the sharp rise in the world price of silver in the spring of 1935, the value of the 1-sol and ½-sol pieces passed the melting point. At one time, with silver at 77 cents United States currency per fine ounce, the 1-sol piece had a bullion value of 1.31 soles. That is, while the foreign exchange value of the sol was around 23 cents United States currency, the sol silver coin was worth 31 cents as bullion. After the newspapers editorially pointed out this fact, there was considerable hoarding and melting. On May 2, 1935, a decree was issued prohibiting hoarding, selling, and exportation of any silver coins. Exportation of silver in bars, whether combined with other metals or not, was also prohibited, unless it was proved they came from mining concerns.

In order to remedy the resultant scarcity of subsidiary currency, two decrees were issued on May 4. One authorized the Banco Central de Reserva to coin and issue 10,000,000 50-centavo pieces in debased coins, which were to be an obligation of the bank and to enjoy the same guaranties as the paper notes of the bank. The new coins were immediately ordered from London, and the specifications (later set by a decree of May 27) are shown in the accompanying table. To tide matters over until the new coins could arrive, the other decree

of May 4 authorized the bank to issue temporarily locally printed 50-centavo notes.

About 2,000,000 of these 50-centavo notes were in circulation at the end of May 1935. To make up for the scarcity of 1-sol pieces, the Central Bank, under authority of its statutes, made arrangements to issue 10,000,000 1-sol notes, which were ordered from the United States, to arrive in August 1935.

Existing laws authorize the minting of fractional nickel coins to the total amount of 6,500,000 soles. The monetary law of April 18, 1931, provided that nickel coins shall be legal tender in payments not exceeding 1 sol but that (except as otherwise specifically provided by law or government contract) nickel coins as well as silver coins should be receivable at par in unlimited quantities in payment of all taxes and other Government dues. The sum of 200,000 soles in 5-centavo pieces was issued in 1934. In view of the scarcity of fractional currency in May 1935, when the price of silver rose to a point at which it became profitable to melt the coins for their bullion value, the Government made arrangements with the Central Bank for the issuance of 300,000 soles more of nickel coins, thus bringing the total up to the 6,500,000 soles authorized.

Copper coins are legal tender up to 5 centavos.

Paper Currency of Peru

Denomination	Dimensions	Amount outstanding on Apr. 30, 1935 (millions of soles)
100 soles.....	67½ by 3¼ inches.....	8.8
50 soles.....	63½ by 3 inches.....	24.4
10 soles.....	5½ by 3 inches.....	28.2
5 soles.....	5½ by 2½ inches.....	10.9
Total.....		72.3

Coins of Peru

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding Apr. 30, 1935 (millions of soles)
			Grams	Grains	Grams	Grains			
1 sol.....	Silver.....	0.500	25.0	385.8089	12.50	192.9095	37	2.50	15.4
50 centavos.....	do.....	.500	12.5	192.9045	6.25	96.4523	30	1.90	7.6
50 centavos ¹	Copper.....	.790	7.5	115.7427			27		
20 centavos.....	Nickel.....	1.250	7.0	108.0265			24		3.3
10 centavos.....	do.....	1.250	4.0	61.7294			20	2.00	1.9
6 centavos.....	do.....	1.250	3.0	46.2971			17	1.60	1.1
2 centavos.....	Copper.....	1.950	10.0	154.3233			24	2.25	(4)
1 centavo.....	do.....	1.950	5.0	77.1618			19	2.00	(4)

¹ According to decree of May 27, 1935, alloy was to be 0.200 zinc and 0.010 nickel.

² Alloy, 0.750 copper.

³ Alloy, 0.030 tin, and 0.020 zinc.

⁴ 41,934.16 soles.

⁵ 69,489.61 soles.

NOTE.—The limits of tolerance for the 1-sol piece are as follows: Weight (before issuance), 0.075 gram; fineness, 0.003; abrasion, 1.25 grams; and for the ½-sol piece: 0.0625 gram, 0.003 and 0.625 gram, respectively. The tolerance in weight for the nickel coins is as follows: For the 20-centavo piece, 0.01 gram; for the 10-centavo piece, 0.015 gram; and for the 5-centavo piece, 0.017 gram.

Peruvian bank notes are engraved in the United States on paper of domestic origin consisting of linen (75 percent) and cotton (25 percent). Among the protective devices used on the notes may be mentioned the use of various delicate colors interwoven or blended, much fine and intricate engraving, serial numbers and letters, and indelible colored dots irregularly placed.

Foreign notes may be freely imported, but none circulate in Peru.

NOTE-ISSUING AUTHORITY

Article 54 of law 7137 of April 18, 1931, states:

The Central Reserve Bank of Peru shall have the exclusive right of issuing bank notes for the 30-year period of its charter. During this period neither the National Government nor any of its political divisions, nor any banking or other corporation, business concern, private individual, or other entity whatsoever, shall issue any paper money or any other documents whatsoever that shall circulate as money in Peru.

The Government has, neither by law nor in actual practice, a controlling voice in the policies of the Central Bank. It has, however, considerable influence, especially during emergencies such as the late dispute with Colombia, but it should be noted that even during this dispute the bank several times refused to extend financial assistance as requested by the Government.

RESERVE REQUIREMENTS

The statutes of the Central Bank, as amended by law 7701 of February 22, 1933, provide that the bank's notes and deposits must be secured by a reserve of at least 50 percent in gold and gold-exchange, bank acceptances, and Peruvian silver coins, the latter not to exceed one-tenth of the reserve. Since early in 1934, the reserve ratio has ranged from 42 to 45 percent, although the gold declared "intangible" by law 7526 of May 18, 1932—when Peru went off the gold exchange standard—is calculated at the par rate of 2.3738 soles per fine gram. If this gold were calculated at prevailing prices, the reserve ratio would be approximately twice as high as it is now shown. The original statutes of the bank provided for a tax on the note circulation whenever the reserve ratio fell below 50 percent, but this provision was suspended by law 7760 of June 9, 1933, which authorized a loan of 30,000,000 soles by the bank to the Government.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

According to law 7833 of October 13, 1933, trading in and exportation of gold bullion is permitted, subject to the payment of regular taxes. The exportation of gold coin is prohibited except, in certain instances, by the Central Bank.³⁹

The Central Bank collects the export tax on gold, since this source of revenue is pledged to the service of the 35,000,000 soles loaned to the Government in 1933 and 1934 under laws 7760 and 7877.

Under law 7833 the Government is authorized to substitute for the export taxes a flat charge of 5 percent ad valorem, whenever the price of gold or rates of exchange make it more profitable to do so. This law also permits the Central Bank to buy locally produced gold, if

³⁹ Art. 2 of law 7833 was modified by law 7879 of Apr. 26, 1934, so that all domestically produced gold must pay the taxes mentioned in law 7833.

deemed convenient, at the world price minus expenses (commission, transportation, insurance, refining, etc.). When the bank buys such gold, the Government may and does insist that the export duties shall be deducted from the price paid.

There are no restrictions on the importation of gold and silver bullion and coins, and such imports are duty free.

Government control of outward movements of silver was made necessary when the value of the silver coins passed the melting point. A decree of May 2, 1935, prohibits hoarding, buying, selling, and exportation of silver coins. The export of silver in bars or other forms is also prohibited, unless it is proved that this silver comes directly from mining operations in Peru. Travelers leaving Peru may take with them only 20 soles in silver coin. Silver necessary for industry or the arts may be obtained by special permission from the Treasury Department.

Export smuggling of gold is known to exist, especially across the Bolivian border, but is not believed to be extensive.

In June 1935 a considerable quantity of silver coins was hoarded. Later, however, these coins began to appear in circulation in small quantities. Considerable smuggling of silver coins was believed to be going on, although definite information on this subject is not available.

Persons attempting to smuggle gold or silver are subject to heavy fines and other penalties, in addition to the confiscation of the metal.

GOLD

The Central Bank valued its gold holdings on December 31, 1934, as follows:

	Soles
1. Coined gold or gold bullion at the legal rate of 2.3738 soles per fine gram ¹ -----	38,784,832.53
2. Coin or bullion—balance bought in 1934—at cost ² -----	336,873.37
3. Gold en route to London ² -----	510,021.00
4. Gold bought in London and held by Midland Bank, Ltd. ² -----	1,929,030.14
Total-----	41,560,757.04

¹ Gold under item 1 was declared "intangible" by law 7526 of May 18, 1932, which authorized the suspension of the gold-exchange standard. Since that date the bank has carried this gold at the legal rate.

² The weight of items 2, 3, and 4 together was 641,640 fine grams.

In addition to the above, the bank held 296,000 grams of fine gold for the Banco Industrial which was to be established later. On December 31, 1934, the other banks in Peru held 680,414 soles of gold, valued at the legal rate of 0.421264 grams of fine gold per sol.

The total weight of all this gold, as of December 31, 1934, is thus calculated as follows:

Visible gold reserves of Peru on Dec. 31, 1934

	Fine grams
"Intangible" supply of gold coins and bullion in Central Bank-----	16,338,654
Gold held by Central Bank for Banco Industrial-----	296,000
Other gold held by Central Bank in Lima or abroad-----	1,641,640
Gold held by other banks-----	286,634

Total gold stock of Peru----- 17,562,928

¹ About 70,000 grams in Lima and the rest in London.

The latest available figures for the visible supply of gold—those as of March 31, 1935—are not quite as detailed as those above.

Visible gold reserves as of Mar. 31, 1935

	Soles at par	Fine grams
"Intangible" supply of gold coin and bullion in Central Bank-----	38,784,833	16,338,654
Other gold held by Central Bank abroad, in Lima, and for Banco Industrial-----	2,332,167	982,458
Gold held by other banks-----	636,000	267,924
Total-----	41,753,000	17,589,036

As mentioned above under heading "Restrictions on Bullion and Coin Movements" the Central Bank (but not the Government) buys gold at the world price minus deductions for commission, transportation, refining, taxes, etc. In 1933 the bank bought 2,871,100 fine grams. In 1934, 1,758,300 grams were bought at a cost of 9,632,272 soles. On June 13, 1935, the bank's price for locally produced gold was 4.58 soles per fine gram, less a tax of 20% centavos, or a net price of 4.3725 soles. The tax referred to is that set by law 7833 of October 1933, and is levied at the rate of £10 sterling per fine kilogram.

It is known that some gold is hoarded by the public, although it is impossible to estimate the amount so held.

THE GOLD CLAUSE

The legal status of the gold clause in domestic contracts is not clearly defined. Two relatively important cases were decided by the courts with quite opposite judgments. The decisions were determined by special circumstances surrounding each case. A gold clause in domestic contracts is very rare, although contracts in a foreign currency, especially sterling and the dollar, are not uncommon. The Peruvian Congress on several occasions in recent years has endeavored to have laws enacted specifying that "mutuum contracts" ⁴⁰ in foreign currencies may be liquidated in local currency at the rate of exchange ruling at the time the contract was made, but these attempts have so far been unsuccessful.

SILVER

Developments affecting silver since Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, was published have been previously described under "Description and Circulation of Currency" and "Restrictions on Bullion and Coin Movements."

At the end of 1934, fractional coins of silver and nickel totaled 27,178,000 soles, of which 20,978,000 soles were silver and 6,200,000 were nickel. The 27,178,000 soles were held: 3,547,000 by the Central Bank, 727,000 by the commercial banks, and 22,904,000 by the general public. The Central Bank held 988,000 soles in nickel and it is estimated that the commercial banks held 200,000 soles in nickel, leaving 5,012,000 soles in nickel in the hands of the public at the end of 1934. On this basis the bank held 2,559,000 soles in silver and the commercial banks, 527,000 soles.

The total circulation of fractional coins of silver and nickel on April 30, 1935, was 29,200,000 soles of which 23,000,000 soles were silver

⁴⁰A mutuum contract is a loan of personal chattels to be consumed by the borrower and to be returned to the lender in kind and quantity, as a loan of corn, wine, or money, which is to be used or consumed and is to be replaced by other corn, wine, or money. (Bouvier's Law Dictionary.)

and 6,200,000 were nickel. The distribution of silver coins on that date, has been estimated as follows:

Distribution of Peruvian Silver Coins by Face Value in 1934 and 1935

[In thousands of soles]

Coins—	Dec. 31, 1934	Apr. 30, 1935
In Central Bank.....	2,559	4,104
In commercial banks.....	527	800
In hands of public.....	17,892	18,066
Total.....	20,978	23,000

Since silver is not held in bullion form, and since the coins contain 12½ grams of silver per sol, the distribution of silver by weight was as follows:

Distribution of Peruvian Silver Coins, by Weight, in 1934 and 1935

[In troy ounces]

Coins—	Dec. 31, 1934	Apr. 30, 1935
In Central Bank.....	1,028,398	1,649,295
In commercial banks.....	211,788	371,570
In hands of public.....	7,190,345	7,272,330
Total.....	8,430,534	9,293,125

PHILIPPINE ISLANDS

The monetary unit is the peso (symbol P or ₱), divided into 100 centavos. The peso has a par value of \$0.50. The treasurer of the Philippine Islands is required by law to sell exchange on the United States at the rate of 2 pesos for \$1, charging three-fourths percent premium for demand drafts and 1½-percent premium for telegraphic transfers. The premiums may be temporarily changed by order of the secretary of finance, if, in his judgment, conditions should require such action.

DESCRIPTION AND CIRCULATION OF CURRENCY

The metal and paper currency is described in the accompanying tables.

The legal-tender limits of the currency are set forth in act S. no. 112, of March 16, 1935, as follows:

Sec. 1612. *Legal tender.*—The Philippine silver peso and half peso, and gold coins of the United States at the rate of \$1 for two pesos, shall be legal tender for all debts, public and private, unless otherwise specified. Philippine subsidiary coins of 20 centavos and 10 centavos shall be legal tender in amounts not exceeding 20 pesos. Philippine minor coins of nickel and copper shall be legal tender in amounts not exceeding 2 pesos.⁴¹

No foreign coins or notes are in circulation in the Philippines, except United States coins and United States Federal Reserve notes, which may be found, in relatively small amounts, in the hands of local banks and transients.

The use of checks is rather limited.

⁴¹ Since Philippine treasury certificates can be exchanged for silver pesos they are, for all practical purposes, equivalent to legal tender.

Coins of the Philippine Islands, May 31, 1935

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (inches)	Thickness (inches)	Amount minted (millions of pesos)	Amount in treasury available for circulation (millions of pesos)	Amount outstanding (millions of pesos) ¹
			Grams	Grains	Grams	Grains					
1 peso ²	Silver.....	0.900	26.9568	416.0000	24.2611	374.4000	1.344	0.112	1.5	17.3	4.5
Do. ⁴	do.....	.800	20.000	308.6471	16.0000	246.9177	1.264	.0685	20.3		
50 centavos ³	do.....	.900	13.4784	208.0000	12.1305	187.2000	1.232	.0655	1.1	3.3	3.0
Do. ⁴	do.....	.750	10.000	154.3236	7.5	115.7427	1.232	.0655	6.1		
20 centavos ³	do.....	.900	5.3848	84.1000	4.8463	74.7900	2.932	.0485	.3	1.1	4.4
Do. ⁴	do.....	.750	4.000	61.7294	3.0	46.2971	2.932	.0455	5.3		
10 centavos ³	do.....	.900	2.6924	41.5500	2.4231	37.3950	2.932	.0405	.2	.2	3.7
Do. ⁴	do.....	.750	2.000	30.8647	1.5	23.1485	2.932	.03625	3.6		
5 centavos.....	Nickel.....	.250	4.870	75.1556	1.5	23.1485	1.316	.0625	1.5	.2	1.3
1 centavo.....	Copper.....	.950	5.184	80.0000	1.5	23.1485	1.316	.0475	1.7	.1	1.6
½ centavo.....	do.....	.950	2.5920	40.0000	1.5	23.1485	1.316	.045	.1	(?)	.1
Total.....											# 18.6

¹ Old and new issues combined.

² The amount held in the treasury vaults as shown above includes 13,901,251 silver pesos and 3,183,000 pesos in silver half pesos (50 centavos) held in the treasury-certificate fund, in addition to 4,559,708.76 pesos in silver and other subsidiary coins held in the exchange standard fund which are not considered as available for circulation under section 1625 (f) of the Administration Code of 1917. The silver coins in the treasury-certificate fund may be released for circulation, however, by substituting therefor dollar currency or dollar deposits in the American Treasury or American banks.

³ Old issue. Act of United States Congress of Mar. 2, 1903.

⁴ New issue.

⁵ Alloy is copper.

⁶ Alloy: Zinc, 0.040; tin, 0.010.

⁷ 1.33 pesos.

⁸ Of this, 100,000 pesos is estimated to have been destroyed.

Circulation of Paper Currency of the Philippine Islands, by Denominations, Aug. 31, 1935¹

A. OUTSTANDING AND ON HAND

Issuing authority and denomination	Dimensions	Amount outstanding and available for circulation (millions of pesos)
Philippine treasury (treasury certificates):		
500 pesos.....	2½ by 6¼ inches.....	36.0
100 pesos.....	do.....	11.8
50 pesos.....	do.....	4.6
20 pesos.....	do.....	14.6
10 pesos.....	do.....	10.8
5 pesos.....	do.....	8.2
2 pesos.....	do.....	8.6
1 peso.....	do.....	6.9
Total.....		101.5
Less treasury certificates in treasury vaults and in hands of various tellers (denominations not stated).		24.8
Total.....		76.7
Bank of the Philippine Islands:		
200 pesos.....	2½ by 6¼ inches.....	0.2
100 pesos.....	do.....	.3
50 pesos.....	do.....	.2
20 pesos.....	do.....	1.0
10 pesos.....	do.....	1.7
5 pesos.....	do.....	1.4
Total.....		4.8
Less notes in the bank's own vaults.....		.4
Total.....		4.4

¹ Printed from engraved plates made by the United States Bureau of Engraving and Printing. The paper is the same as that used for United States paper currency.

Circulation of Paper Currency of the Philippine Islands, by Denominations,
Aug. 31, 1935—Continued

A. OUTSTANDING AND ON HAND—Continued

Issuing authority and denomination	Dimensions	Amount outstanding and available for circulation (millions of pesos)
Philippine National Bank:		
100 pesos.....	2½ by 6¼ inches	2.0
50 pesos.....	do	.9
20 pesos.....	do	3.5
10 pesos.....	do	1.9
5 pesos.....	do	1.0
1 peso.....	do	.7
Total.....		10.0
Less notes in bank's own vaults.....		2.0
Total.....		8.0
Emergency notes:		Thou- sands of pesos
1 peso.....		19.4
50 centavos.....		16.5
20 centavos.....		3.0
10 centavos.....		15.9
Grand total (millions of pesos).....		89.6

B. NET, AFTER ALLOWING FOR NOTES DESTROYED (MILLIONS OF PESOS)

Issuing authority	Gross circulation as above	Estimated destroyed	Net circulation	Total available for circulation and outstanding
Philippine treasury.....	76.7	0.35	76.4	101.5
Bank of the Philippine Islands.....	4.4	.04	4.4	4.8
Philippine National Bank.....	8.0	.15	8.0	10.0
Total.....	89.1	.54	88.4	116.3

NOTE-ISSUING AUTHORITY

Treasury certificates are issued by the insular Government and bank notes by the Philippine National Bank and the Bank of the Philippine Islands.

RESERVE REQUIREMENTS

Treasury certificates in circulation and available for circulation must be backed peso for peso by silver pesos and silver half pesos held in the treasury vaults, or by dollar deposits in the United States Treasury or American banks. The act governing the issuance of treasury certificates provides that the treasury-certificate fund shall be constituted of silver coins received in exchange for the treasury certificates, provided that when the Government's supply of silver coins is insufficient to meet the demands of trade, legal-tender currency of the United States may be temporarily substituted for silver pesos to the extent found necessary pending the purchase of bullion and the coinage of silver. It is also provided that, until the Governor General directs the purchase of silver bullion and the coinage of silver, the treasury-certificate fund may be composed of dollar deposits with the

Secretary of the Treasury or with banks in the United States (sec. 1626 of Act No. 4199).

Actually, in recent years the treasury-certificate fund has not been composed entirely or even mainly of silver coins. On May 31, 1935, it was made up as follows:

Item	Amount ¹	Equivalent in pesos
Demand deposits with the United States Treasury.....	\$9,572,440.44	
Time deposits with the United States Treasury.....	32,650,000.00	
Deposits with American banks.....	16,363.06	
Total.....	42,238,803.50	84,477,607.00
Silver pesos.....	13,901,251.00	
Silver half pesos (total in pesos).....	3,185,000.00	
Total.....	17,086,251.00	17,086,251.00
Grand total.....		101,563,858.00

¹ Last 2 items in this column are in pesos.

No silver bullion is held in the treasury-certificate fund.

The Philippine currency, being on the dollar-exchange standard, is protected by an exchange-standard fund described in sections 1622, 1623, and 1624 of Act No. 4199 of March 16, 1935. That fund must be maintained at not less than 15 percent of the total stock of Philippine currency in circulation and available for circulation, including both coins and treasury certificates. Profits from seigniorage, sales of exchange, and other sources listed in the act must be added to the fund until it reaches 25 percent of the total circulation, including the amount available for circulation. Any surplus beyond 25 percent may be transferred in full or in part to the general fund of the insular treasury on recommendation of the secretary of finance and with the approval of the Governor General. The exchange-standard fund amounted to 48,297,849.36 pesos on May 31, 1935, the details being shown in the following statement:

Exchange Standard Fund—Balance Sheet, May 31, 1935

(In pesos unless otherwise specified)

ASSETS		
Cash:		
In treasury vaults:		
In Philippine currency.....	4,559,708.76	
In United States currency	4,768,573.62	
(\$2,384,286.81) ¹		Pesos
		9,328,282.38
On deposit with authorized depositories in the United States (in dollars):		
Chase National Bank, New York City (demand).....	\$2,414,153.31	
Treasury of the United States, symbol 19-695 (demand).....	\$1,345,630.18	
Treasury of the United States, symbol 19-694 (time).....	\$15,725,000.00	
	\$19,484,783.49	38,969,566.98
Total cash on hand in treasury vaults and on deposit with United States depositories.....		48,297,849.36

¹ Includes the profit of \$650,475.96 from the revaluation of the 938,460 United States gold dollars now held in the treasury vaults.

Exchange Standard Fund—Balance Sheet, May 31, 1935—Continued

[In pesos unless otherwise specified]

ASSETS—continued	
	Pesos
Accounts receivable.....	626.32
Supplies in stock.....	70.96
Mint supplies and materials.....	8,272.50
Work in process—new coinage.....	1,516.58
Work in process—recoinage.....	122,427.12
Finished products—new coinage.....	44,716.30
Finished products—recoinage.....	14,922.25
Total assets.....	48,490,401.39
LIABILITIES	
Outstanding warrants.....	126,109.27
Accounts payable.....	3,061.06
Supply vouchers payable.....	2,666.68
Surcharges, division of purchases and supply.....	3.72
Total liabilities.....	131,840.73
Excess of assets over liabilities, May 31, 1935.....	48,358,560.66
Total.....	48,490,401.39

As the total circulation on May 31, 1935, amounted to 120,711,334.20 pesos, the reserves held in the exchange-standard fund were 18,120,015.81 pesos in excess of the amount required on a 25-percent reserve ratio and 30,191,149.23 pesos over the amount required under the legal ratio of 15 percent.

The charter of the Philippine National Bank requires that it keep on deposit with the insular treasurer at all times a reserve equal to 25 percent of its circulation. Since it has outstanding and available for circulation 10,000,000 pesos, it keeps a cash deposit of 2,500,000 with the insular treasurer. Its actual circulation on May 31, 1935, was 9,239,356.47 pesos.

The charter of the Bank of the Philippine Islands also requires a deposit with the insular treasurer of 25 percent of its maximum circulation which is at present 4,800,000 pesos. Deducting the amount held in the vaults of the bank, there was outstanding on May 31, 1935, a net circulation of 4,569,927.50 pesos. The act extending the charter of the bank provides that it must pay annually to the insular treasurer 600,000 pesos toward the redemption of its circulation. The circulation has thus been decreased from 9,000,000 pesos on January 1, 1928, to 4,800,000 pesos on January 1, 1935, and will continue to be decreased at the rate of 600,000 pesos per year for the next 8 years.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Act No. 2711—the Revised Administrative Code of the Philippine Islands—passed in 1917, includes two sections, nos. 2710 and 2711, restricting the exportation and importation of silver coin or bullion made therefrom. The two sections read as follows:

SEC. 2710. *Unlawful exportation of coin or bullion.*—It shall be unlawful to export or attempt to export from the Philippine Islands any Philippine silver money coined under the authority of any law of the United States, or bullion made therefrom, except as such money may be carried away by departing travelers in ordinary course and in sums not exceeding 25 pesos or as such coin or bullion may be exported in the course of the lawful operations of the Philippine Treasury;

and any person who effects or attempts the exportation of such coin or bullion contrary to law shall be punished by a fine not exceeding 2,000 pesos or by imprisonment for not more than 1 year, or both; and the coin or bullion in question shall be forfeited.

SEC. 2711. *Unlawful importation of silver coin.*—It shall be unlawful to import or to attempt to import into the Philippine Islands silver money not on a gold basis, except as the same may be brought in by incoming passengers in ordinary course of travel and in sums not exceeding 50 pesos for a first-class passenger, 20 pesos for a second-class passenger, and 10 pesos for a third-class passenger; and any person who effects or attempts the importation of such coin contrary to law shall be punished by a fine not exceeding 2,000 pesos or by imprisonment for not more than 1 year, or both; and the coin in question shall be forfeited.

Executive orders of the President of the United States dealing with gold in the United States apply equally in the Philippine Islands. On July 2, 1935, the American Trade Commissioner reported that the Manila Supreme Court, reversing a decision of the lower court, had just handed down a decision that gold, other than United States gold coin, situated in the Philippines may be exported therefrom to a foreign country without the necessity of obtaining a license therefor, provided that the gold is owned and exported by a person not domiciled in the continental United States.

There is no evidence of smuggling of gold or silver, but it is probable that some is carried on.

GOLD

The gold reserves of the Philippine Islands totaled 938,460 old gold dollars, all in gold coin of the United States. As a result of the devaluation of the American dollar, the value of this gold coin was raised to \$1,588,935.95. This amount is held in the vaults of the insular treasurer as part of the exchange-standard fund. (It forms part of the \$2,384,286.81 shown in the balance sheet under the heading "In United States Currency.") There are no other gold reserves held in the Philippine Islands, other reserves in the exchange-standard fund being in the form of dollar deposits with the United States Treasurer and with American banks.

No gold is being purchased by the Government or the banks. Although there is no external evidence that gold is being hoarded by the public, a considerable amount of hoarding has undoubtedly taken place.

THE GOLD CLAUSE

All bonds issued by the Philippine Government, its provinces and municipalities, prior to 1933, contained the gold clause, which required payment of the principal and interest at the Treasury of the United States in gold dollars. Upon the President's approval of Public Resolution No. 10, Seventy-third Congress, on June 5, 1933, the right of a creditor to require payment in gold or in a particular kind of coin or currency, or in an amount in money measured thereby, was voided. As the bonds of the Philippine Government then outstanding were all payable at the Treasury of the United States, they automatically became payable in United States currency just as did United States obligations.

The net outstanding bonded indebtedness of the Philippine Government as of December 31, 1934, was approximately \$49,735,284. No bonds containing the gold clause have been issued by the Philippine Government since the enactment of Public Resolution No. 10, Seventy-third Congress.

Private obligations payable in gold in the Philippine Islands have been estimated at about \$6,000,000. The normal procedure in the Philippine Islands, however, is to make private obligations such as mortgages, bonds, notes, etc., payable in pesos, without any reference to the gold content of the peso.

The Manila Railroad Co. has outstanding bonds in the amount of \$26,391,450, all of which contain the gold clause.⁴² Of these bonds, a total of \$11,655,000 are also payable abroad at the holders' option, at the former gold equivalent in the various currencies specified in the bonds. The interest coupons upon the Manila Railroad bonds presented in the United States for payment are paid in United States currency in compliance with Public Resolution No. 10, Seventy-third Congress. The coupons presented for payment abroad are being paid in foreign currency at the rate of exchange called for by the provisions of the bonds.

The Tenth Philippine Legislature passed a joint resolution to assure uniform value to the coins and currencies which are legal tender in the Philippine Islands. This resolution, which was approved by the Governor General on November 22, 1934, was modeled on Public Resolution No. 10, Seventy-third Congress, and was designed to accomplish in the Philippine Islands the voiding of the gold clause in existing obligations. By its own provisions, it cannot become effective until it shall have been ratified by act of Congress of the United States. To date (Aug. 1, 1935), Congress has not ratified the joint resolution and it is therefore noneffective.

SILVER

The amount of silver coins in circulation, available for circulation, in the Treasury certificate fund, and in the exchange standard fund is shown in a preceding table. The amount of silver in these coins is as shown in the following table on silver coins:

Philippine Monetary Stock of Silver, May 31, 1935

Denomination	Value	Number of coins	Total weight of silver (millions of fine ounces)
1 peso:			
1st issue	Pesos 1,478,087.00	1,478,087	1.15
2d issue	20,334,454.00	20,334,454	10.46
50 centavo:			
1st issue	148,877.00	297,754	.12
2d issue	6,123,617.50	12,247,235	3.00
20 centavo:			
1st issue	252,601.60	1,263,008	.20
2d issue	5,281,151.40	26,405,757	.25
10 centavo:			
1st issue	239,123.60	2,391,236	.19
2d issue	3,649,547.40	36,495,474	1.76
Total			17.29

It is impossible to give exactly the weight of silver in the hands of the general public, the banks, and the Government, or even to

⁴² Since the deficits of the Manila R. R. Co. are met by the Philippine Government, the latter has assumed responsibility for its debts. The bonds of the railroad are owned by British interests which could throw the company into bankruptcy and take over the property if interest or capital were defaulted.

give the amount in the Treasury vaults, since it is unknown to what extent the heavier first-issue coins are in active circulation. Applying the weight of fine silver in the second-issue coins we get a figure of 5,327,800,000 grains of fine silver in coins in the Treasury vaults available for circulation, and 3,691,045,921.908 grains of fine silver in coins in active circulation. It is most likely that the first-issue coins are entirely or almost entirely in active circulation or lost, as they would be melted and recoined if they came to the Treasury. It therefore seems reasonable to add the difference of 279,800,000 grains of fine silver on account of the greater amount of silver contained in the first-issue coins to that held by the general public and the banks, giving the latter a total of 3,970,800,000 grains. The amount in the hands of the Government would thus be 5,327,800,000 grains, including 4,169,200,000 grains held in the Treasury certificate fund and the exchange standard fund.⁴³

On May 31, 1935, banks in the Philippines held 377,866.50 pesos in silver coins.

For additional information on silver currency see Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

POLAND

The monetary unit is the zloty (abbreviation zl.), divided into 100 grosze. The zloty has a par value of approximately \$0.1899.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

The only foreign paper currency in circulation consists of United States bank notes which circulate freely and often in considerable amounts.

Check circulation is very limited. Checks are rarely used except by the larger business enterprises.

Paper Currency of Poland

Denomination	Dimensions	Amount outstanding May 31, 1935 (millions of zloty)
500 zloty	109 by 180 millimeters	125.1
100 zloty	105 by 174 millimeters	410.5
50 zloty	99 by 186 millimeters	204.8
20 zloty	94 by 170 millimeters	210.3
10 zloty	80 by 160 millimeters	1.2
Total		951.9

⁴³ 480 grains = 1 ounce troy.

Coins of Poland

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding Mar. 31 1935 (millions of zloty)
			Grams	Grains	Grams	Grains			
10 zloty.....	Silver.....	0.750	22.0000	539.5040	16.500	254.628	34.0	2.81	126.3
5 zloty ¹	do.....	.750	18.0300	278.3626	13.500	208.772	28.0	1.75	3
2 zloty ¹	do.....	.750	11.0000	152.7520	8.250	127.304	(5)	(5)	105.4
1 zloty.....	do.....	.750	4.4000	67.9010	3.300	50.926	22.0	1.46	61.9
50 grosze.....	Nickel.....	1.000	7.0000	108.0265	-----	-----	25.0	1.85	26.0
20 grosze.....	do.....	1.000	5.0000	77.1618	-----	-----	23.0	1.50	35.2
10 grosze.....	do.....	1.000	3.0000	46.2971	-----	-----	20.0	1.20	9.4
5 grosze.....	do.....	1.000	2.0000	30.8647	-----	-----	17.6	1.10	8.3
2 grosze.....	Copper.....	1.950	3.0000	46.2971	-----	-----	20.0	1.25	5.4
1 grosz.....	do.....	1.950	2.0000	30.8647	-----	-----	17.5	1.16	3.0
1 grosz.....	do.....	1.950	1.5000	23.1486	-----	-----	14.7	1.12	1.7
Total.....									383.1

¹ On Aug. 10, 1935, the circulation of the 10-zloty coins amounted to 140,950,000 zloty; the 5-zloty (second emission) to 114,825,000 zloty; and the 2-zloty coins to 70,000,000 zloty.

² First emission.

³ Second emission which is being slowly withdrawn from circulation.

⁴ Not obtainable.

⁵ Alloy: Tin, 0.040; zinc, 0.010.

NOTE.—The legal-tender limit for coins is as follows: 10-zloty coins, to 1,000 zloty; 5-zloty coins, to 500 zloty; 2-zloty coins, to 100 zloty; 1-zloty coins, to 50 zloty. All other subsidiary coins to 10 zloty.

The 100- and 500-zloty notes are printed on rag paper of foreign manufacture; and the 10-, 20-, and 50-zloty notes, on rag paper of domestic manufacture. The 10-zloty notes are being gradually withdrawn from circulation.

New bank notes in preparation are engraved. The devices protecting bank notes against counterfeiting are the following: (a) The use of a special kind of paper with shaded watermarks, (b) the cleanliness and precision of the print made from separate cliches forming a complete drawing, and (c) selection and use of colors.

NOTE-ISSUING AUTHORITY

The privilege of issuing notes is held by the Central Bank, the official name of which is Bank Polski (Bank of Poland). The Government has a controlling voice in determining the policies of the Bank of Poland. The president and vice president of the Bank of Poland are appointed by the President of the Republic, and the appointment of the managing director and of the members of the board of directors must be approved by the Minister of Finance. The Government is represented on the board by a Government commissioner, appointed by the Minister of Finance; the present incumbent was formerly in that Ministry. All resolutions and decisions of the board of directors affecting the policies of the bank must be approved by the Minister of Finance, to whom a monthly report of condition of the bank must be submitted by the president. The nominal detachment of the bank, a joint stock institution, is thus more apparent than real.

RESERVE REQUIREMENTS

The proportion of reserves now required to be held by the Bank of Poland was fixed at a stockholders' meeting on February 9, 1933. Legal reserves may consist of gold only, and must amount to at least 30 percent of the combined note circulation and demand liabilities, after deducting 100 million zloty therefrom.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

In accordance with a decree of the President of the Republic, dated February 15, 1928 (journal of laws no. 18, item 156), exportation of gold bars and coins is prohibited, unless a special permit of the Minister of Finance is obtained. There are no restrictions on the exportation of silver.

Data on smuggling are not available.

GOLD

The gold reserves of the Bank of Poland totaled on October 10, 1935, 466,600,000 zloty, or roughly, 78,764,000 grams of fine gold valued at approximately 5,924 zloty per kilogram.

Gold is being purchased by the Bank of Poland at 5,924.44 zloty per kilogram.

There are no official or other estimates of the amount of hoarded gold. According to the Ministry of Finance, gold and foreign-exchange holdings (chiefly United States dollars) amount to approximately \$100,000,000.

THE GOLD CLAUSE

The gold clause is in force in all domestic contracts drawn in zloty, provided that the notation "gold zloty" is inserted. The gold clause in domestic contracts drawn in foreign currencies was abolished by a decree of the President of the Republic, dated June 12, 1934. (See journal of laws no. 59, item 509.)

SILVER

The hoarding of silver coins is negligible. No data are available on the weight of fine silver, held by the banks and the public. On August 10, 1935, the weight of all silver coins in Poland was 726,670,000 grams or 545,000,000 grams of pure silver.

PORTUGAL

The monetary unit is the escudo, divided into 100 centavos. The escudo has a par value of approximately \$0.0748. The symbol of the escudo is \$, which is placed where the decimal point is used in American currency designations.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Paper Currency¹ of Portugal on June 12, 1935

Denomination	Dimensions	Amount outstanding (thousands of escudos) ²
1,000 escudos.....	184 by 111 centimeters.....	730,866
500 escudos.....	177 by 104 centimeters.....	456,909
100 escudos.....	170 by 97 centimeters.....	489,200
50 escudos.....	163 by 90 centimeters.....	238,796
20 escudos.....	156 by 83 centimeters.....	113,342
Total.....		2,029,113

¹ The banknotes are printed and engraved in England on watermarked paper made of a mixture of new linen, hemp, and cotton rags. They are unlimited legal tender.

² Excepting Azores currency.

Coins¹ of Portugal

Denomination	Metal of chief value	Fine ness	Gross weight		Silver content		Diameter ² (mm)	Amount outstanding (millions of escudos)
			Grams	Grains	Grams	Grains		
10 escudos.....	Silver.....	0.835	12.5000	192.9045	10.4375	161.0752	30.0	65.0
5 escudos.....	do.....	.650	7.0000	108.0265	4.5500	70.2172	25.0	42.5
2½ escudos.....	do.....	.650	3.5000	54.0133	2.2750	35.1016	20.0	12.5
1 escudo.....	Nickel ³.....	.190	8.0000	123.4589	-----	-----	26.8	14.6
50 centavos.....	do. ⁴.....	.190	4.5000	69.4456	-----	-----	22.8	13.4
20 centavos.....	Copper ⁴.....	.960	5.0000	77.1618	-----	-----	25.0	8.8
10 centavos.....	do. ⁴.....	.960	4.0000	61.7294	-----	-----	22.5	8.3
5 centavos.....	do. ⁴.....	.960	3.0000	46.2971	-----	-----	19.0	1.7
Total.....								156.8

¹ Legal-tender limits are as follows: Silver, 200 escudos; nickel, 20 escudos; copper, 5 escudos.

² Data as to thickness are not available.

³ Alloy: Copper, 0.610, and zinc, 0.200.

⁴ Alloy: Zinc, 0.040.

NOTE-ISSUING AUTHORITY

The sole authority to issue bank notes in Portugal is vested in the Bank of Portugal (Banco de Portugal). The following is a translation of the pertinent parts of the bank's statutes, as approved by decree no. 19962⁴ dated June 29, 1931:

ART. 17. The bank shall have until June 30, 1961, the sole right to issue notes representing gold coin, as provided in decree no. 19870 of June 9, 1931. The notes shall be legal tender throughout the whole territory of the mainland of the Portuguese Republic and the adjacent islands (viz, the Azores and Madeira), without distinction, and shall be exempt from stamp tax and all imposts * * *.

PAR. 2. During the period of this exclusive license, no other bank or institution shall be granted the right to issue notes in Continental Portugal and the adjacent islands.

Whether the Portuguese Government can be said to have, by law, a controlling voice in forming the policies of the Bank of Portugal, is debatable. This can be understood from an examination of the bank's statutes, which reveal that:

(1) Of the 13 members of the conselho de administracao (board of directors) only 3, viz, the governor and two vice governors, are Government appointees; 10 are elected by the shareholders.

(2) The seven members of the conselho fiscal (audit council) are elected by the shareholders.

(3) The important commissao de estabilizacao (stabilization committee), however, is clearly under the control of Government appointees, since three of its six members are appointed by the Minister of Finance and one of the three (viz, the governor of the bank) is entitled to an extra and deciding vote in the event of a tie. The stabilization committee is charged with permanently directing the policy of the bank as regards monetary stabilization, regulating especially the price and total volume of credit in any of its forms * * * (art. 78 of the bank's statutes).

(4) According to article 67 of the statutes, the governor of the bank shall be able to suspend the execution of the decisions of the board of directors and of the stabilization committee in order to present such decisions for consideration by the general council of the bank, urgently convened for the purpose. He shall also suspend any decision of the said bodies which he considers contrary to law, to these statutes, or to the interests of the State, and shall give notice thereof to the Government.

In short, while the Government's position as regards the management of the bank is strong, it is doubtful that it could properly be termed "controlling."

⁴ Published in Diario do Governo, I series, no. 148, June 29, 1931.

RESERVE REQUIREMENTS

With regard to reserves against the currency, article 13 of decree no. 19870 dated June 9, 1931, provides:

The bank (of Portugal), however, is obliged to hold in gold coin or bullion, national or foreign public gold securities capable of ready realization, and gold exchange on markets of countries where the currency is in gold or convertible notes, a sum not less than 30 percent of its fiduciary note circulation, deposits, and other demand liabilities.

In order to meet the situation created by the departure of Great Britain from the gold standard in September 1931, decree no. 20683, promulgated on December 29, 1931, provided that the aforementioned reserve could, until April 30, 1932, include foreign exchange and foreign public securities expressed in pounds sterling. Decree law no. 22496 of May 4, 1933, extended this provision indefinitely.

Silver is not included in the currency reserve.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

Both the importation and exportation of gold and silver in coins or bars are exempt from payment of duties. These exemptions are contained in the following articles of the import and export tariffs established by decree no. 19185 dated November 31, 1930, and published in the Diario do Governo, I series, no. 304 of that date.

Import tariff.—Article 175 (gold bars, powder, and scrap); article 896 (coins of gold and its alloys, except platinum); article 180 (silver and its alloys, except gold and platinum, in bars, powder, or scrap); article 899 (coins of silver and its alloys, except gold and platinum).

Export tariff.—Article 46-A, as established by decree no. 20047 of July 9, 1934 (gold and silver in bars); and article 117 (gold and silver coins).

While there are no restrictions on bullion movements into Portugal, gold and silver may not be exported without permission of the inspeccao do comercio bancario (banking inspection service), as provided in article 20 of decree no. 10071, dated September 6, 1924, and published in the Diario do Governo, I series, of that date.

According to article 21 of decree no. 10071, as amended by decree-law no. 23945, dated and effective June 1, 1934, travelers destined to foreign countries may leave Portugal in possession of 10,000 escudos in notes of the Bank of Portugal and £100 (100 pounds sterling) or the equivalent of £100 in foreign currency.

It is believed that there is no smuggling of gold or silver into Portugal and that the clandestine exportation of gold and silver is small.

GOLD

The weekly statement of the Bank of Portugal for July 24, 1935, shows that its gold reserves on that date were valued at 844,994,728.61 paper escudos. Since the conversion into paper escudos is made at par (viz, 1 gold pound equals 110 paper escudos) rather than at the actual value of the gold pound (about 180 escudos), the true escudo value of the bank's gold reserves is approximately 64 percent greater than that stated. According to the Federal Reserve Bulletin, the Bank of Portugal, on November 30, 1935, held gold totaling 910,000,000 escudos.

The Bank of Portugal buys all gold offered at a price based on the Lisbon-Paris exchange rate. For example, with the franc equivalent

to 1.46 escudos (Aug. 20, 1935), the sovereign in Lisbon was quoted at 181.35, viz, the product of 1.46 and the par value in francs (124.21) of the British sovereign. The amount paid by the bank is, of course, less than this rate; on August 20, 1935, the bank paid 179.90 paper escudos per sovereign.

It is the consensus of bankers and businessmen that the Portuguese public does not hoard gold.

THE GOLD CLAUSE

Since Portugal is actually on a paper currency basis, the gold clause in domestic contracts is for practical purposes nonexistent. Contracts generally provide for payment in escudos or current currency (moneda corrente).

The following are the legal stipulations governing payments in metallic currency, as provided in the Civil Code, as amended by decree no. 19126⁴⁵ of December 16, 1930:

ART. 724. When it has been agreed that payment is to be made in metallic currency of a certain denomination, the payment shall be made in the currency stipulated, provided that it exists legally, regardless of any variation of value which might have taken place between the date of the contract and the time of payment and even if this variation has resulted from legal dispositions.

ART. 727—PAR. 1. If it is stipulated that payment is to be made in escudos in metallic form but without mention of the denomination, the debtor shall satisfy the obligation in currency current at the time of payment, provided that the currency used is of the metal stipulated.⁴⁶

SILVER

Since the publication of Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, two decrees have altered the authorized circulation of Portuguese silver currency. By decree-law no. 22683 of June 14, 1933, the maximum number of 10-escudo coins was decreased from 6,500,000 to 5,000,000. Compensating increases were made by authorizing the emission of 7,500,000 5-escudo pieces and 5,000,000 2½-escudo pieces—a total of 100,000,000 escudos.

(The former maximums, as provided by decree no. 19871 of June 9, 1931, were: 6,500,000 10-escudo coins, 5,000,000 5-escudo coins, and 4,000,000 2½-escudo coins.)

After the old 10-, 5-, and 2½-escudo notes had been called in as provided in decree no. 19871, the Government found that the silver coins in circulation, especially those of 10 escudos, were insufficient for the country's needs. A decree-law (no. 23,593, of Feb. 23, 1934) was therefore promulgated which increased the authorized total of silver currency from 100,000,000 to 120,000,000 escudos, divided as follows: 6,500,000 10-escudo coins, 8,500,000 5-escudo coins, and 5,000,000 2½-escudo coins.

As indicated in the foregoing table showing metallic currency in circulation, the full amount of silver currency authorized has been minted and placed in circulation. Since the silver coins in use appear to be adequate, no increase in the use of monetary silver is foreseen.

Based upon the legal fine-silver content and weight of the coins in circulation (see table above), the total weight of fine silver in monetary use has been computed at 117,893.75 kilograms. In view of the

⁴⁵ Diário do Governo, I series, no. 292, Dec. 16, 1930.

⁴⁶ For example—gold, silver.

tolerances, both as regards fine-silver content (for 10-escudo coins, 3 percent; 5- and 2½-escudo coins, 5 percent) and weight (10-escudo coins, 5 percent; 5- and 2½-escudo coins, 7 percent), this figure is only approximate.

No statistics are available regarding the distribution of holdings of fine silver in monetary use.

RUMANIA

The monetary unit is the leu (plural lei, abbreviation l.), divided into 100 bani. The leu has a par value of approximately \$0.0101.⁴⁷

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

The notes of the National Bank of Rumania (Banca Nationale a Romaniei, S. A.) are printed in Rumania on foreign watermarked paper made of ramie. The ink is purchased from the Bank of France and the paper from private firms in France and England. The quality of the paper and the dimensions of the letters and figures are considered as protective devices.

In addition to the notes shown in the table, Rumania formerly had notes in denominations of 100 and 5,000 lei, both of which were withdrawn in December 1932.

No foreign currency is in circulation.

In addition to the silver coins described in the accompanying tables, note should be made of the fact that a law of February 22, 1935, empowered the Ministry of Finance to mint and issue new silver coins of 50 and 200 lei in the amounts of 600,000,000 and 5,000,000 lei, respectively. It was expected that the new coins would be put into circulation in the latter part of 1935. The 50-leu coins are to consist of 75 percent silver and 25 percent copper; and the 200-leu coins, 83 percent silver and 17 percent copper. The former were to weigh 4.5 grams and be 22 mm in diameter, while the latter should have a weight of 13.5 grams and a diameter of 29 mm.

Paper Currency of Rumania

Denomination	Dimensions	Amount outstanding June 20, 1935 (millions of lei)
1,000 lei	220 by 126 mm ¹	(?)
500 lei	208 by 120 mm ²	(?)
Total		21, 187

¹ These notes have been largely replaced by notes measuring 130 by 222 mm and are brown in color.

² Not available by denominations.

³ The old 500-leu notes are being gradually withdrawn and replaced by new 500-leu (green) notes 84 by 156 mm in size.

⁴⁷ The leu has not been devalued, but, according to an unofficial report, the National Bank has announced that it will pay exporters a premium of 30 percent on their foreign currencies.

Coins of Rumania

Denomination ¹	Metal of chief value	Finess	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Amount outstanding June 30, 1935 (millions of lei)	Percent of total
			Grams	Grains	Grams	Grains				
100 lei.....	Silver.....	2 0.500	14.0000	216.0530	7.0000	108.0265	31	-----	1,840	48.2
20 lei.....	Copper.....	1.790	7.5000	115.7427	-----	-----	27	2.00	660	17.3
10 lei.....	do.....	1.790	5.0000	77.1618	-----	-----	25	-----	600	15.7
5 lei.....	do.....	1.790	3.5000	54.0132	-----	-----	21	1.50	300	7.8
2 lei.....	Nickel.....	1.250	7.0000	108.0265	-----	-----	25	2.00	200	5.2
1 lei.....	do.....	1.250	3.5000	54.0132	-----	-----	21	1.50	200	5.2
50 bani ²	Aluminum.....	-----	1.2030	-----	-----	-----	21	1.25	15	.4
25 bani ³	do.....	-----	.8960	-----	-----	-----	19	1.25	5	.1
Total.....	-----	-----	-----	-----	-----	-----	-----	-----	3,820	100.0

¹ Regarding the new 50- and 200-leu pieces, see text.² Alloy: Copper, 0.400; zinc, 0.050; and nickel, 0.050.³ Alloy: Zinc 0.200 and nickel 0.010.⁴ Copper 0.750.⁵ Practically out of circulation and are soon to be replaced by copper coins.

NOTE-ISSUING AUTHORITY

The only note-issuing authority is the National Bank of Rumania, its privilege expiring on December 31, 1960.

The government appoints 3 members of the board of directors out of a total of 10; 3 auditors out of 7, and a commissioner who has the right to demand the suspension of any decision contrary to the law and statutes or to the interests of the State. The government appoints the governor and vice governor.

RESERVE REQUIREMENTS

The National Bank is required to maintain a reserve in gold or in foreign exchange convertible, both legally and practically, into exportable gold, equivalent to at least 35 percent of its total demand liabilities. The actual holdings of free gold, both at home and abroad, must be equivalent to at least 25 percent of the total demand liabilities. (Art. 4 of monetary law of Feb. 7, 1929, and art. 28 of the revised statutes of the National Bank, approved and promulgated by royal decree 1521 on June 4, 1935, published in the Official Gazette, No. 127, of June 5, 1935.)

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The first order prohibiting the sale and purchase of gold coins and gold bullion was issued in the form of a decree of the Council of Ministers on May 17, 1932. This was followed by a law on trade in foreign exchange, promulgated on September 30, 1932 (Monitorul Oficial, No. 230, Oct. 1, 1932) and regulations thereunder on October 15, 1932. The above-mentioned law was supplemented by another law promulgated on April 13, 1935, further restricting the trade in foreign exchange. The exportation of gold bullion and coins is still prohibited.

The importation and exportation of silver coin or bullion are not restricted by law.

Smuggling is reported to exist, mostly near the Baia Mare gold-mining region near the Hungarian and Czechoslovak borders, but not to a very great extent.

GOLD

In July 1935 the gold reserves of the National Bank totaled 10,543,152,881 lei, of which 1,641,652,025 were held abroad. The total weight was 94,888 kilograms (computed on the basis of 1 leu=9 milligrams of gold, as established by the stabilization law of Feb. 7, 1929).

According to a decree of the Council of Ministers, no. 1060/935, beginning June 11, 1935, the National Bank will pay for each kilogram of gold delivered to the refining plant of the state a premium of 30,000 lei over the official price, which is 111,111 lei per kilogram.

According to article 95 of its revised statutes, the National Bank may grant loans to gold-exploiting concerns. Such advances may not, however, exceed 2 percent of the bank's total resources and shall be made for a period not exceeding 7 years from the date of the promulgation of the revised statutes.

No data on gold hoarding are available.

THE GOLD CLAUSE

In accordance with article 969 of the Civil Code, any agreement between the parties to a contract is valid. Therefore, an agreement whereby one of the parties undertakes to pay in gold is perfectly valid. Enforcement of such a clause has, however, been impossible since October 25, 1932, when a law for dealing in foreign exchange became effective. The regulations issued under this law restrict the right to deal in foreign exchange (devize) without the approval of the National Bank of Rumania. Foreign exchange (devize), as defined in article 2 of these regulations, includes gold coin and bullion; and article 3 provides that it shall be granted only for real needs examined and approved by the National Bank. Consequently no gold clause in domestic contracts is effective without the authorization of the National Bank, which is strongly opposed to granting such authorizations.

SILVER

In January 1935 it was reported that 20 metric tons of silver had been sold by the National Bank of Rumania to a private concern in Budapest, payment being made in pounds sterling. The price was not stated, but it was pointed out that although the controlled price of silver in Rumania varied between 1,500 and 1,700 lei per kilogram, the price in Hungary, where silver transactions were free, was about 2,700 lei per kilogram. The total stock of silver of the National Bank is said to have amounted to 38 metric tons, so that by this transaction it was reduced by more than half. However, the monetary coverage was not affected, as silver is not a legal backing for currency in Rumania.

In conformity with Cabinet Journal, No. 1060/935, published in Monitorul Oficial, No. 139, part 1, of June 21, 1935, the National Bank will pay, beginning June 11, 1935, a premium of 27 percent on the value of silver as established on international markets, converted into stabilized lei.

SALVADOR, EL

The monetary unit is the colon (symbol ¢), divided into 100 centavos. The colon has a nominal parity of \$0.8466.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

United States coins are practically the only foreign coins in circulation and were made legal tender by the monetary law of 1919. Gold dollars have unlimited legal-tender status, while silver dollars and subsidiary silver coins are legal tender up to 10 percent of all payments.

A law of June 7, 1933, authorized the Government to issue 5,000,000 colones in silver coins. The new silver coins will be legal tender at par for all customs duties, taxes, and payments to "institutions and foundations of public utility", while for private obligations they must be accepted at par up to 30 percent. Copper-nickel coins are legal tender for amounts not exceeding 2 percent of the payment to be effected.

Paper Currency of El Salvador

Denomination	Dimensions	Amount outstanding Oct. 31, 1935 (millions of colones)
500 colones ¹	169 by 73 mm.	(1)
100 colones	169 by 73 mm.	3.3
50 colones ¹	169 by 73 mm.	(1)
25 colones	169 by 73 mm.	1.3
10 colones	169 by 73 mm.	2.4
5 colones	169 by 73 mm.	2.7
2 colones	169 by 73 mm.	1.0
1 colon	169 by 73 mm.	1.9
Total		12.6

¹ These are old notes which now have a very limited circulation.

The notes are printed in the United States on paper made by an American manufacturer. United States bank notes circulate freely at the approximate exchange rate of the United States dollar prevailing on that day. Checks are used mainly by merchants and businessmen in the capital and in two or three other important cities of El Salvador. Notes constitute the main item in the total currency circulation.

Coins of El Salvador

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter ¹
			Grams	Grains	Grams	Grains	
1 colon	Silver	0.900	25.00	385.800	22.5000	347.3200	37
50 centavos	do.	.900	12.50	192.900	11.2500	178.6600	31
25 centavos	do.	.835	6.25	96.450	5.2000	80.5358	25
20 centavos	do.	.835	5.00	77.160	4.1750	65.4286	22
10 centavos	do.	.835	2.50	38.580	2.0875	32.2143	18
10 centavos	Nickel ²	.250	7.00	108.024			26
5 centavos	Silver	.835	1.25	19.290	1.0437	16.1160	14
5 centavos	Nickel ²	.250	5.00	77.160			22
3 centavos	do. ²	.250	3.50	54.012			20
1 centavo	do. ²	.250	2.50	38.580			16

¹ Data as to thickness not available.

² Alloy: Copper, 0.750.

NOTE-ISSUING AUTHORITY

Notes are issued only by the Central Reserve Bank of El Salvador (Banco Central de Reserva de El Salvador). The bank, upon its organization in July 1934, assumed responsibility for all the notes in circulation that had been issued by the three commercial banks in the country (Banco Occidental, Banco Salvadoreño, and Banco Agrícola Comercial), and took over the assets guaranteeing these notes. The old notes are now being replaced by the notes of the Central Reserve Bank. The exchange must be completed within a period of 2 years. Thus, notes are issued only by the Central Reserve Bank, which is responsible for the full amount now in circulation (13,697,825 colones on Oct. 31, 1935).

RESERVE REQUIREMENTS

The Central Reserve Bank Act requires the bank to keep a "minimum cover" in gold and such foreign currencies as may comply with the new monetary law (not yet issued) equivalent to at least 25 percent of its notes in circulation and sight liabilities. Foreign currencies held in the reserve must be deposited in the central bank of the country of their origin. The gold shall be unpledged and in the unrestricted ownership of the bank and only net foreign exchange (i. e., the free balance after all liabilities in gold and foreign exchange have been deducted) shall be held in the reserve.

The bank states that no silver is held in its reserve against notes and that silver cannot be included therein.

Article 39 of the act creating the Central Reserve Bank requires it to exchange its notes on demand, in amounts of not less than 5,000 colones, for either gold or foreign currency, at the bank's option, in compliance with the provisions of the monetary law.

It may be added that according to the latest statement of the Central Reserve Bank as of October 31, 1935, the ratio of gold to notes and sight liabilities is 64.94 percent, or well above the required ratio.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

A law of October 7, 1931, declared the notes of the three commercial banks, which were then the banks of issue, to be inconvertible until June 30, 1936. The gold stocks of the banks were placed under Government seal and so remain, although they have been largely transferred to the Central Reserve Bank.

On October 8, 1931, a decree was issued prohibiting the exportation of coined gold. By a decree of September 22, 1933, the exportation of gold or silver in any form was forbidden so long as the emergency decrees covering the inconvertibility of the notes continued in force. An exception, however, was made for newly mined gold.

The Government adopted on May 25, 1935, effective the same date, a law authorizing the Central Reserve Bank to purchase and export gold and silver. Article 1 provides that "the bank shall not be able to export the gold holdings which it actually has in its vaults under the seal of the State." Shipments of old jewelry, articles of gold and silver for repair, and newly mined gold are covered by the decree. Newly mined gold is being shipped regularly, under the permissive provisions of the respective mining concessions. The Central Reserve Bank may take steps to acquire this gold, but has not yet done so.

The inconvertibility decrees and the law of September 22, 1933, prohibiting gold and silver exports, was to expire on June 30, 1935, but officials of the Central Reserve Bank considered it certain that the provision would be extended to protect the gold reserves of the bank.

GOLD

The amount of gold held by the Central Reserve Bank amounts to \$3,682,170 in old gold dollars of 25.8 grains. For accounting purposes this is revalued in accordance with the devaluation law of the United States, dated January 31, 1934, and is carried on the books of the bank, pending the issuance of the new monetary law at 2 colones to 1 dollar (the prevailing exchange rate in August 1935 was 2.50). It may not be revalued except upon the issuance of the new monetary law and in accordance with its provisions.

Gold is being purchased by the Central Reserve Bank, which has maintained an offer to buy all gold offered it at 4 colones per dollar of fine gold, since the enactment of the law of May 25, 1935, referred to above. An old gold dollar is equal to \$1.693 of the new, and the latter amount, at the present commercial exchange rate of 2.50, is equal to 4.233 colones. Owing, however, to the costs of shipment, the danger of detection, the facility of negotiating sales of gold at the Central Reserve Bank, and to other factors, it is believed that the lower price paid by the bank offers little incentive to smuggling of gold at the present time.

There are no figures indicating the extent of gold hoarding. The Central Reserve Bank, emphasizing that the figure is purely an estimate, which is not based on gold import or other statistics, places the amount of gold privately held at about \$2,000,000, old value American gold dollars.

THE GOLD CLAUSE

Decrees affecting the gold clause are as follows: March 12, 1932, June 3, 1932, November 17, 1932, and May 31, 1933 (as amended on June 12, 1933). The latter is still in effect.

Salvadoran law provides that the currency shall be on a gold basis, and, pending the issuance of Salvadoran gold coins, those of the United States shall be considered the standard. (Decree of September 12, 1919.) Salvadoran gold coins were never issued, so that contracts were written in American dollars. Article (5) of the decree appearing in the "Diario Oficial" of June 12, 1933, provides that "all mutual obligations (that is, loans as distinct from overdrafts) contracted in gold or drafts (that is, foreign currency) before October 9, 1931, shall be paid in colones, in the established ratio of 2 colones for each gold peso." (Presumably, by gold peso is meant U. S. dollar.)

Regarding obligations contracted after October 9, 1931, the decree provides that payment shall be effected in colones at the rate prevailing at the time the undertaking was entered into.

SILVER

Since the publication of Trade Promotion Series No. 149, The Monetary Use of Silver in 1933, a law was passed providing for the issuance of 5,000,000 1-colon silver pieces. These pieces have not

been minted, and the Central Reserve Bank states that they will probably never be issued.

The total amount of fine silver in monetary use is estimated at 10,000 kilograms. This is believed to be mainly in the hands of the general public. The Government holds none. The banks may hold some, but as these coins have recently been worth more as bullion than as money, they are disappearing from circulation.

The exact amount of silver currency in circulation is unknown. The Central Reserve Bank estimates that the amount of silver 1-colon pieces in circulation a few months ago was about 1,000,000. Since that time, the bank itself has exported 600,000 such pieces, leaving an estimated 400,000 in monetary use. The bank emphasizes that these figures are purely estimates and may be far from correct.

Similarly, nothing is known of the amount of silver coins of smaller denominations in circulation. The Central Reserve Bank hazards no guess. Since, however, the amount of silver in circulation in El Salvador in 1932 (presumably on Dec. 31) was 1,078,142 colones, and the bank estimates that about 1,000,000 silver colon pieces were in circulation recently, it is possible that the smaller coins total only about 78,000 colones.

SIAM

The monetary unit is the baht (formerly called tical), divided into 100 satang or 4 salung. The baht does not have a par value, but at the present time there is a fixed ratio between the baht and sterling in that the Siamese Government promises to buy sterling at the rate of 10.80 bahts to the pound sterling and to sell it at the rate of 11.20 bahts to the pound. By taking the mean of these offers, say bahts 11 and New York-London cross rate of \$4.86, the equivalent value in United States money is \$0.4418. Under present conditions the value of the baht in United States currency fluctuates with changes in the New York-London cross rate.

DESCRIPTION AND CIRCULATION OF CURRENCY

The total circulation of notes on September 30, 1935, amounted to 133,532,500 bahts. Details as to the amount of each denomination then outstanding were not available. On March 31, 1933, when the total circulation amounted to 114,200,000 bahts, over 50 percent of the notes in circulation were of 20- and 10-baht denomination and about 20 percent were notes of 1 baht. The other denominations then in circulation were of 5, 50 (in very restricted volume), 500, and 1,000 bahts.

The notes are partly engraved and partly printed from dies and plates made in London. The paper employed is of best machine-made quality unwatermarked. The work is done entirely abroad. To prevent counterfeiting, two antiphotographic lithographic tint printings are used on the front, and one on the back.

The coinage is described in the accompanying table:

Coins of Siam

Denomination	Metal of chief value	Finess	Gross weight		Silver content		Amount outstanding on Mar. 31, 1935 (millions of bahts)
			Grams	Grains	Grams	Grains	
1 baht.....	Silver.....	0.900	15.0000	231.4853	13.5000	208.3368	50.0
50 satang.....	do.....	.650	7.5000	115.7427	4.8750	75.2327	1.6
25 satang.....	do.....	.650	3.7500	57.8713	2.4375	37.6164	1.9
10 satang.....	Nickel.....	1.000	3.5000	54.0132	.....	.....	4.2
5 satang.....	do.....	1.000	2.0000	30.8647	.....	.....	2.8
1 satang.....	Copper.....	.950	5.0000	77.1618	.....	.....	3.2
Total.....	.....	.....	.....	.....	.....	.....	72.6

NOTE-ISSUING AUTHORITY

The only authority which issues notes is the Central Government. The total note issue at the end of May 1935 was 133,532,498 bahts, as compared with 112,632,498 bahts on May 31, 1934.

RESERVE REQUIREMENTS

There are no legal requirements as to reserves against the currency. Siamese silver coins to the face value of 43,372,000 bahts are included in the reserve.

On September 30, 1935, the total currency reserves against outstanding notes of 133,532,500 bahts consisted of the following:

Sterling securities:	Bahts
Of more than 1 year's maturity.....	13,952,000
Others.....	27,500,000
Cash:	
At call or at not more than 7 days' notice (in sterling).....	68,587,000
Total.....	110,039,000
Baht coins.....	43,372,000
Grand total.....	153,411,000

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no official orders imposing embargoes or restrictions on bullion movements. Consequently, there is no occasion for smuggling.

GOLD

There are no gold reserves in Siam. Some gold is said to be held in London, but the amount is not generally known.

A considerable amount of gold hoarding has occurred but is probably decreasing due to scarcity of available gold.

No statement of gold purchases by the Government has appeared for several years.

THE GOLD CLAUSE

The legal status of any gold clause which may exist in domestic contracts has not been determined.

SILVER

No figures are as yet available.

SPAIN

The monetary unit is the peseta (abbr. p. or pta.), divided into 100 centimos. The par value of the peseta is approximately \$0.3267.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying table describes the coins issued from 1868 to June 11, 1935, that were outstanding as of the latter date. It will be noted that certain coins are not in active circulation. No exact statistics are available regarding the volume of coins lost or exported.

Practically no gold currency is in circulation. On December 31, 1932 (the latest date for which detailed figures are available), the Bank of Spain, in its 2,259,000,000 peseta gold reserves, had only 393,183,080 pesetas in Spanish gold coins issued since 1868. The balance, aside from small amounts in older Spanish gold coins and gold bars, consisted of foreign gold coins. The difference between the Spanish gold coin held in the Bank of Spain and the 1,103,705,030 gold pesetas coined has largely disappeared and may properly be considered as not constituting part of Spain's monetary stock.

On June 1, 1935, the silver stocks of the Bank of Spain, all in coin, totaled 701,981,109 pesetas. The difference between this amount and the total silver coined to date (1,332,589,907 pesetas)—less an estimated 200,000,000 pesetas, representing net exports, coins lost, destroyed, etc.—may be considered as in the hands of private banks and the public.

According to existing legislation (Ley "Villaverde" of Dec. 26, 1899), the amount of silver in circulation may not be increased. In 1933 and 1934 a total of 2,000,000 pesetas of worn silver coins were melted and reminted, but this did not affect the nominal total outstanding.

Paper currency in circulation on June 1, 1935, according to the official statement of the Bank of Spain, totaled 4,583,318,950 pesetas. The components of this amount, by denominations, are not available. The various denominations outstanding on December 31, 1934, are shown in the accompanying table.

Spanish paper currency is engraved in London on linen paper of foreign manufacture. The notes bear a protective watermark and the engraving is of superior quality.

The coins and notes are legal tender for payment of public and private debts. Silver pieces of 2 pesetas and less are legal tender in amounts not exceeding 50 pesetas; minor coins, in amounts not over 5 pesetas.

Foreign currency may be imported freely, but no currency not described in the accompanying tables circulates in Spain.

The use of checks is limited, as they are heavily taxed.

Duties and, as a rule, customhouse charges are stated in gold pesetas . . . and are payable one-fourth in gold or gold currency checks and three-fourths in Spanish silver coins or notes of the Bank of Spain, increased by a surtax sufficient to raise the sums thus paid to approximately their gold equivalent. On certain products, however, duties must be paid entirely in gold or gold currency checks.

The collection of one-fourth of the duties in gold or gold currency checks was established by royal order no. 962 of December 21, 1929 (Gaceta de Madrid, Dec. 22, 1929), for the purpose of servicing the 1930 6-percent treasury gold bonds. The one-fourth payable in gold or gold currency checks must be in French or Swiss francs or in Dutch florins; even gold coins of other countries are not accepted.

Paper Currency of Spain Outstanding Dec. 31, 1934

Denomination	Dimensions	Amount outstanding (millions of pesetas)
1,000 pesetas	16 by 12 centimeters	1,201.1
500 pesetas	15 by 11 centimeters	314.4
250 pesetas ¹		(²)
125 pesetas		.1
100 pesetas	14 by 10 centimeters	2,159.6
50 pesetas	13 by 9 centimeters	627.0
25 pesetas	12 by 8 centimeters	408.4
Total		4,710.7

¹ The 250- and 125-peseta notes are remnants of old issues virtually retired from circulation. Those still outstanding may be considered as destroyed or lost. They must be kept on the books of the Bank of Spain, as their validity was not prescribed.

² 79,750 pesetas.

Coins of Spain, 1868-1935

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter	Thickness	Amount issued from 1868 to June 11, 1935 (millions of pesetas)
			Grams	Grains	Grams	Grains			
100 pesetas ¹	Gold	0.900	32.2581	497.8179	29.0323	448.0361	35	2.00	15.0
25 pesetas ¹	do.	.900	8.0645	124.4545	7.2580	112.0060	21	1.15	932.7
20 pesetas ¹	do.	.900	6.4516	99.5636	5.8065	89.6072	21	1.15	154.8
10 pesetas ¹	do.	.900	3.2258	49.7818	2.9032	44.8036	12	.75	1.2
Total, gold									1,103.7
5 pesetas	Silver	.900	25.0000	385.8089	22.5000	347.2280	37	2.30	1,082.2
2 pesetas	do.	.835	10.0000	154.3236	8.3500	128.8902	27	1.78	159.3
1 peseta	do.	.835	5.0000	77.1618	4.1750	64.4301	23	1.30	109.5
50 centimos	do.	.835	2.5000	38.5809	2.0875	32.2150	18	1.00	14.5
20 centimos ¹	do.	.835	1.0000	15.4324	.8350	12.8850			(²)
Total, silver									1,332.6
10 centimos	Copper 95 percent, tin 4 percent, zinc 1 percent		10.0000	154.3236			30	1.65	32.2
5 centimos	do.		5.0000	77.1618			25	1.35	22.1
2 centimos ¹	do.		2.0000	30.8647					2.6
1 centimo ¹	do.		1.0000	15.4324					1.8
25 centimos ¹	Copper 75 percent, nickel 25 percent		7.0000	108.0265			25	1.60 1.67	8.0
Total, copper and nickel									66.7

¹ Not in circulation.

² Rarely encountered in circulation.

³ 1,018 pesetas.

⁴ There are two types of these coins, one having a hole in the center.

⁵ This coin has a hole in the center.

NOTE-ISSUING AUTHORITY

The right to issue notes is limited exclusively to the Bank of Spain (Banco de España). The latest legislation on this subject is the Banking Ordination Law (Ley de Ordenación Bancaria) of November 26, 1931, in which all prior legislation was consolidated.

The Government has a controlling voice in the policies of the Bank of Spain, in accordance with the provisions of the law of November 26, 1931.

RESERVE REQUIREMENTS

Article 2 of the law of November 26, 1931, provides that the note circulation of the Bank of Spain must have the following metallic reserve: For a note issue not exceeding 4,000,000,000 pesetas the minimum gold and silver reserve must be 45 percent, of which at least eight-ninths must be in gold. For note issues in excess of 4,000,000,000 pesetas but not over 5,000,000,000 pesetas, the minimum gold and silver reserve must be 60 percent, of which at least five-sixths must be in gold.

At the request of the Bank of Spain, accompanied by a report from the Superior Banking Council (Consejo Superior Bancario) to the effect that such action is indispensable to the national economy, the Government will authorize an increase in the note issue to a maximum of 6,000,000,000 pesetas. In this case the minimum reserves will be the same as those prescribed for note issues in excess of 4,000,000,000 pesetas and not over 5,000,000,000 pesetas.

In accordance with the same article 2 of the Bank Ordination Law, all silver held by the Bank of Spain against its note issues must be in legal-tender coin. Accordingly, the silver stocks of the Bank of Spain include no bullion.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no legal restrictions on the importation or exportation of gold or silver bullion. Unmanufactured gold and silver, as well as gold and silver coins, are admitted into Spain free of duty. The exportation of gold and silver coins was prohibited by a royal order of August 3, 1914, which is still in effect. This prohibition was confirmed by subsequent dispositions such as the royal orders of July 12, 1921, March 14, 1924, and October 11, 1930. The order of March 14, 1924, extended the prohibition to bank notes, but authorized travelers to take with them abroad a sum not exceeding 5,000 pesetas. The order of October 11, 1930, provided that travelers might take the equivalent of this amount in foreign bills. This was confirmed by a ministerial order of May 16, 1931, but it is not clear whether the amount taken out of Spain must be in notes or whether it may be in silver coins. In practice, persons leaving Spain are permitted to take out any part of the amount mentioned in silver coins. Hence, there appears to be some conflict between the royal order of August 3, 1914, prohibiting the exportation of gold and silver coins, and the actual practice with regard to silver coins.

Clandestine exportation of gold coins may be considered to be nonexistent, since no gold coins circulate. No smuggling of silver coins is believed to exist, as the currency value of the 5-peseta piece considerably exceeds its bullion value.

The accompanying table shows Spanish imports and exports of gold and silver during recent years.

Spanish Foreign Trade in Silver and Gold, 1929-35

Period	Silver				Gold			
	Imports		Exports		Imports		Exports	
	Weight (metric tons) ¹	Value (thousands of gold pesetas)	Weight (metric tons) ¹	Value (thousands of gold pesetas)	Weight (metric tons) ¹	Value (thousands of gold pesetas)	Weight (metric tons) ¹	Value (thousands of gold pesetas)
1929.....	2.0	264	37.8	4,912	62	.....	.....	.....
1930.....	1.6	203	43.0	5,767	30	48.0	151,320	.....
1931.....	5.6	317	37.6	3,933	108	8.0	25,333	.....
1932.....	3.8	190	74.4	3,702	71	.1	228	.....
1933.....	16.0	1,225	62.4	3,201	.....	.4	1,275	.....
1934.....	4.1	224	18.4	886	.....	.2	655	.....
1935 (Jan.-Apr.).....	9.8	530	12.1	657	22	.3	990	.....

¹ One metric ton equals 1,000 kilograms, or 32,150.742 fine ounces troy.

² Mostly gold coin shipped to England, probably used as collateral for loans made through the Bank of Spain and subsequently transferred to the Bank of France.

GOLD

On June 1, 1935, the gold reserves held by the Bank of Spain totaled 2,245,979,575.68 gold pesetas. This includes only a small amount in gold bars,⁴ the balance being gold coins of Spain, France, England, Germany, the United States, and other countries. For the purpose of this report, the gold coins held by the Bank of Spain have been considered as 0.900 fine. On this basis, and figuring 1 kilogram of fine gold as the equivalent of 3,444.44 pesetas (the rate established in the banking ordination law), the weight of gold in the Bank of Spain is approximately 652,058 kilograms. The Federal Reserve Bulletin (April 1935) shows Spain's gold stock as \$741,000,000.

Although the Bank of Spain is authorized to purchase gold, no purchases are being made in view of the fact that its present gold holdings, if converted into paper pesetas at the present official rate (1 gold peseta equals 2.3989 paper pesetas) are more than sufficient to cover the entire note circulation.

No figures or estimates are available on the hoarding of gold, which is believed to be negligible.

THE GOLD CLAUSE

Article No. 1170 of the Spanish civil code (codigo civil) provides that "payment of monetary obligations must be made in the specie stipulated and, should it not be possible to deliver such specie, in silver or gold currency of legal tender in Spain." According to the law of October 19, 1868, the 5-peseta pieces therein authorized are full legal tender on the same basis as gold. Furthermore there is, as already mentioned, no gold in circulation in Spain. Therefore, legal opinion holds, a gold clause in domestic contracts would be inoperative.

So far as can be ascertained, the only public or private obligations that have been issued in recent years which stipulate payment in

⁴ At the end of 1932, the bars totaled 2,577,571 gold pesetas.

gold or its equivalent are the 6-percent gold treasury bonds issued in 1930. In accordance with the loan contract, interest and amortization payments on this issue are made in paper pesetas with a premium equal to the official surcharge established by the Government for the payment in paper pesetas of the gold peseta customs duties. This gold clause has not been annulled, and the above issue is at present quoted on the local stock exchange at a premium.

SILVER

There appears to be no possibility of extending the monetary use of silver in Spain under existing legislation.

While there is no prospect of legislation in the near future affecting the monetary use of silver, it is reported that the Government has under consideration action that might be taken, if the silver coinage of Spain (owing to a continued rise in the price of silver) should reach or pass its melting point. In that event, it is apparently the intention to call in the silver coins in circulation and to issue either paper money of small denominations or coins of baser metal. What disposition would be made of the silver thus called in is conjectural. Under the London Silver Agreement of July 22, 1933, Spain's exports of demonetized silver are limited to 5,000,000 ounces per annum for a 4-year period beginning January 1, 1934.

At present silver coins are not being hoarded to any large extent. During periods of political unrest, however, the hoarding of such coins becomes important. Thus, the silver reserves of the Bank of Spain totaled 699,015,144 pesetas on December 31, 1930, but by December 31, 1931 (the year during which the Republic was installed), had declined to 515,010,628 pesetas. Since then, the trend has been constantly upward and on June 1, 1935, the silver reserves of the bank amounted to 701,981,109 pesetas.

The total silver issued from 1868 to date—minus an estimated 200,000,000 pesetas to cover silver exported over a period of years, coins lost, destroyed, etc.—contained 5,019,695 kilograms of fine silver, or about 161,000,000 fine ounces. This may be taken as representing the amount of silver at present in monetary use in Spain. This amount is distributed as follows:

	Kilograms
Bank of Spain.....	3,110,900
Private banks.....	1,636,265
Public.....	1,272,530
Total.....	5,019,695

¹ Estimated.

Spain's production of silver is not very large. The following table shows production of both gold and silver in Spain during recent years.

Production of Gold and Silver in Spain, 1929-33

Year	Gold	Silver	Year	Gold	Silver
	Kilo-grams	Kilo-grams		Kilo-grams	Kilo-grams
1929.....	82,713	1932.....	.....	104,956
1930.....	87,688	1933.....	240	91,120
1931.....	96,383			

Source: Estadística Minera y Metalúrgica de España, 1933.

SWEDEN

The monetary unit is the krona (plural kronor, abbreviation kr.), divided into 100 öre. The krona has a par value of approximately \$0.4537.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

No old issues of coins are in general circulation. A few old "Riksmynntsedlar" and "Bancosedlar" coins are in circulation and redeemable. There are Swedish coins in circulation minted before 1905, when Norway and Sweden were united. These are still legal tender in Sweden. The only foreign coins in circulation are those of Denmark and Norway, but they have no legal status.

The importation of gold is permitted under law no. 51, dated March 28, 1930, but according to laws nos. 68, 69, 70, and 71, dated April 11, 1924, Norwegian and Danish gold, silver, and bronze coins are no longer legal tender.

No foreign notes are in circulation. Checks are coming into more general use, but are not yet very popular. Checks once paid are retained by the banks as part of their records, but are made available to customers for reference.

Paper Currency of Sweden,¹ May 31, 1935

Denomination	Dimensions	Amount outstanding (millions of crowns)
1,000 kronor.....	121 by 210 millimeters.....	87.0
100 kronor.....	121 by 140 millimeters.....	246.6
50 kronor.....	121 by 140 millimeters.....	105.4
10 kronor.....	121 by 70 millimeters.....	206.3
5 kronor.....	121 by 70 millimeters.....	36.3
1 krona.....	121 by 70 millimeters.....	.7
Other ²	121 by 70 millimeters.....	.6
Total.....		682.9

¹ Engraved on 100-percent linen paper of domestic manufacture.

² Besides the 1-krona notes a small amount of riksmynnt notes of 1859-73 and specie and banco notes issued 1776-1858 is still in circulation. These are redeemed by the Riksbank on demand. The only nonredeemable notes are those for kopparmynt, issued 1743-75, and worthless since 1841.

Coins of Sweden

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter (mm)	Thickness (mm)	Amount outstanding (millions of crowns)
			Grams	Grains	Grams	Grains			
20 kronor.....	Gold.....	0.900	8.9606	138.2828	8.0645	124.4545	23	1.55	179.2
10 kronor.....	do.....	.900	4.4803	69.1414	4.0323	62.2272	18	1.25	111.8
5 kronor.....	do.....	.900	2.2401	34.5707	2.0161	31.1136	16	.83	12.4
2 kronor.....	Silver.....	.900	25.000	385.8089	22.5000	347.2280	36	2.780	2.6
1 krona.....	do.....	.800	15.0000	231.4853	12.0000	185.1883	31	2.456	(³)
50 öre.....	do.....	.800	7.5000	115.7427	6.0000	92.5941	25	1.906	(³)
25 öre.....	do.....	.600	5.0000	77.1618	3.0000	46.2971	22	1.726	(³)
10 öre.....	do.....	.600	2.4200	37.3454	1.4520	22.4073	17	1.374	(³)
5 öre.....	do.....	.400	1.4500	22.3769	.5800	8.9508	15	1.078	(³)
2 öre.....	Copper.....	.950	8.0000	123.4589			27	1.92	(³)
1 öre.....	do.....	.950	4.0000	61.7294			21	1.58	(³)
	do.....	.950	2.0000	30.8647			16	1.40	(³)

¹ December 1930.

² Minted to June 19, 1935, when an additional 100,000 kronor was authorized.

³ On May 31, 1935 silver coins outstanding totaled 4,421,248 kronor.

⁴ Tin 0.040 and zinc 0.010.

⁵ Copper coins totaled 126,543 kronor.

NOTE-ISSUING AUTHORITY

The Bank of Sweden (Sveriges Riksbank) has the sole right to issue bank notes. The law provides that these notes shall be redeemed on demand at the bank, in gold. If deemed absolutely necessary on account of war, menace of war, or some financial crisis, redemption may be suspended for a fixed period, by the bank and the Parliament (Riksdag) together, or, if the Riksdag is not in session, by the King alone, upon the proposal of the board of directors and after consultation with the national-debt board (Riksgaldskontoret). (The latter is in charge of state finances.) If granted by the King between sessions of the Riksdag, suspension of note redemption must be approved by the latter within 20 days after the first meeting of its next session.

According to the law governing the Riksbank (Lag for Sveriges Riksbank, dated May 12, 1897, as amended May 24, 1928 and May 21, 1931), the bank is placed under the guaranty of the Riksdag and is governed by a board of directors. The board is composed of seven members, of whom one, with one substitute, is named by the King for a term of 3 years. The other six, with three substitutes, are chosen by the Riksdag, for the term (3 years) and in the manner indicated in the regulations governing the bank. The director named by the King is the president of the bank.

The directors of the bank may receive instructions from the Riksdag or from the parliamentary committee on banking, in respect to those matters in which the committee has the right to act on behalf of the Riksdag. They are responsible only to the Riksdag, its parliamentary committee on banking, and its auditors, their responsibility and that of the directors of branch offices being defined in special statutes.

The capital stock of the bank, which is owned entirely by the State, amounts to 50,000,000 kronor, and its reserve fund amounts to 20,000,000 kronor. The disposition of its net profits is determined by the Riksdag in accordance with article 26 of the bank act.

On May 31, 1935, the assets of the bank totaled 1,285,897,768 kronor compared with 1,223,506,523 kronor at the end of 1934.

RESERVE REQUIREMENTS

The Riksbank may issue notes to double the amount of its gold stock plus 350,000,000 kronor. On June 15, 1935, the maximum permissible was 1,058,125,818 kronor, but the actual circulation was 657,646,775 kronor.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The exportation and importation of silver and the importation of gold are unrestricted. Under a law of September 27, 1931 (Svensk Författningssamling No. 326, September 27, 1931), gold may be exported only by the Riksbank under special license of the Treasury Department. This law has been renewed several times, the last time on May 31, 1935, to expire February 29, 1936.

Some smuggling of gold may have occurred since the enactment of the law of September 27, 1931, but it is believed to be quite negligible.

GOLD

On June 15, 1935, the Riksbank's gold reserve in Sweden amounted to 354,062,909 kronor (142,767.3 kilograms at 2,480 kronor per kilogram).

The Riksbank purchases gold abroad and from the Boliden Mining Co., Sweden, at a premium.

The general public is not actively hoarding gold.

THE GOLD CLAUSE

Gold payments were temporarily suspended by the Riksbank on September 28, 1931, under royal decree. A law of June 17, 1932, reaffirmed the suspension of gold payments,⁴⁹ and it has been further extended from time to time by action of the Riksdag. The present extension from June 1, 1935, through February 29, 1936, is embodied in a decree of May 31, 1935.⁵⁰

A case on the gold-clause ruling is now under appeal to the Swedish Supreme Court. This is the case of *Forsakringsaktiebolaget Skandia v. Riksgaldskontoret (Skandia Insurance Co. v. Swedish National Debt Office)*. On April 16, 1935, the Svea Court of Appeal handed down a decision in favor of the plaintiff.

The following note was submitted by Acting Commercial Attaché Osborn S. Watson on April 25, 1935:

A ruling in a gold-clause case was handed down on April 16 by the Svea Court of Appeal in the case of the Skandia Insurance Co. against the Swedish National Debt Office. The insurance company, holders of bonds of the Swedish Government 1924 dollar loan, claimed in their suit that the Swedish Government should pay the service on these bonds in gold, in accordance with the terms of the gold clause in the bond contract. The ruling of the court upheld the contention of the plaintiff stating in effect that holders of such bonds, not under the jurisdiction of the United States, are entitled to payment in gold, and that the question of the interpretation of the gold clause must be adjudged according to Swedish law and not according to the American ruling which the National Debt Office had petitioned.

It is understood that the case will be appealed to the Swedish Supreme Court, and, pending a final decision, interest payments on the dollar bonds will continue to be made in dollars of current value. Of the original \$30,000,000 loan of 1924, \$3,200,000 are still outstanding.

SILVER

No new developments in the monetary use of silver in Sweden have occurred since Trade Promotion Series No. 149, Monetary Use of Silver in 1933, was published, except the issuance of special coins on May 25, 1935, to commemorate the five-hundredth anniversary of the Riksdag. (See Description and Circulation of Currency.)

The amounts of silver currency held separately by the general public, the banks, and the Government are not known. At the end of 1934 the Riksbank had in its vaults silver coins to the amount of 3,099,990.47 kronor. At the end of 1933 the mint had on hand 467,800 kronor of silver coins.

Silver coinage issued by the royal mint up to December 31, 1933, totaled 71,133,789 kronor, of which 8,592,852 kronor had been called in.

During the 8 years ended August 1935 approximately 16,000,000 kronor of silver had been struck by the royal mint. The director of

⁴⁹ Svensk Författningssamling No. 212, "Lag om Betalning på Grund av Vissa Obligationer."

⁵⁰ Svensk Författningssamling No. 217.

the mint estimated that approximately 60,000,000 kronor of silver coins were then in circulation in Sweden. In August there was a shortage of silver coins at the Riksbank, and the amount to be minted during that month was above the average. By the middle of August some 700,000 Riksdag five-hundredth-anniversary 5-krona silver coins had been minted during 1935, and approximately 2,000,000 kronor of the ordinary silver pieces. Every month the mint receives instruction from the Riksbank concerning the amount of silver coins to be minted.

SWITZERLAND

The monetary unit is the Swiss franc (abbreviation f. or fr.), divided into 100 centimes. The franc has a par value of approximately \$0.3267.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Gold coins are unlimited legal tender. Silver coins are legal tender in amounts not exceeding 100 francs; nickel coins, in amounts not over 10 francs; and bronze coins, in amounts up to 2 francs. As to paper money, the Swiss National Bank and all Federal public offices are required by law to accept at any time and in any amount the notes of the Swiss National Bank at their face values.

Notes in denominations of 50, 100, 500, and 1,000 francs are engraved, but those of lesser denominations are printed.

Paper Currency of Switzerland, Dec. 31, 1934

Denomination	Dimensions	Amount outstanding (millions of francs)
1,000 francs.....	131 by 216 millimeters.....	308.3
500 francs.....	125 by 200 millimeters.....	113.8
100 francs.....	115 by 181 millimeters.....	508.4
50 francs.....	106 by 165 millimeters.....	202.0
20 francs.....	95 by 163 millimeters.....	156.1
10 francs.....	86 by 144 millimeters.....	1.7
5 francs.....	70 by 125 millimeters.....	1,440.3
Total.....		

¹ Known as the Pestalozzi note, because of the printed likeness.

Coins of Switzerland

Denomination	Metal of chief value	Fineness	Gross weight		Gold or silver content		Diameter (mm)	Thickness (mm)	Characteristics of edge	Amount outstanding Dec. 31, 1934 (millions of francs)
			Grams	Grains	Grams	Grains				
100 francs.....	Gold.....	0.900	32.2580	497.8169	29.0323	448.0563	35	2.360	Inscribed.....	0.5
20 francs.....	do.....	.900	6.4520	99.5696	5.8065	89.6126	21	1.400	Grooved, inscribed or starred.....	420.0
10 francs.....	do.....	.900	3.2260	49.7818	2.9032	44.8032	19	1.000	Grooved.....	26.5
5 francs.....	Silver.....	.835	15.0000	231.4854	12.5250	193.2963	31	2.400	Inscribed.....	104.2
2 francs.....	do.....	.835	10.0000	154.3236	8.3500	128.8962	27	2.100	Grooved.....	27.7
1 franc.....	do.....	.835	5.0000	77.1618	4.1750	64.4301	23	1.600	do.....	31.2
50 centimes.....	do.....	.835	2.5000	38.5809	2.0875	32.2150	18	1.400	do.....	16.8
20 centimes.....	Nickel.....	1.000	4.0000	61.7294	-----	-----	21	1.600	Smooth.....	10.7
10 centimes.....	do.....	1.000	3.0000	46.2971	-----	-----	19	1.500	do.....	7.9
5 centimes.....	do.....	1.000	2.0000	30.8647	-----	-----	17	1.300	do.....	6.0
2 centimes.....	Copper.....	1.950	3.0000	46.2971	-----	-----	20	1.200	do.....	.9
1 centime.....	do.....	1.950	1.5000	23.1485	-----	-----	16	1.200	do.....	1.1
Total.....										653.4

¹ Fineness of this coin was reduced from 0.900 by law of June 3, 1931.

² Alloy: Tin, 0.040; and zinc, 0.010.

NOTE-ISSUING AUTHORITY

According to the Federal laws of June 19, 1925, and December 20, 1929, the Swiss National Bank has the exclusive right to issue bank notes. This privilege, which was to expire on June 20, 1937, was renewed for a further period of 10 years by a Federal law approved on September 25, 1935.

The statement of the National Bank, issued on June 3, 1935, shows that note circulation as of May 31, 1935, amounted to 1,302,073,690 francs.

The Government is able to influence the policies of the National Bank only through the appointive power. On February 28, 1897, the question of the relation of the bank to the Federal Government was submitted to a referendum vote of the Swiss people. According to the law which originated in this referendum, the conduct of the National Bank must remain independent of the Government and its credit policies.

The Board of Directors (Bankrat), which is charged with the supervision and general oversight of the bank's business, is composed of 40 members, holding office for periods of 4 years. Twenty-five are appointed by the Federal Council (Bundesrat), and the balance by the stockholders. The group appointed by the Federal Council includes the president and the vice president. A maximum of five members of this group may belong to the Federal Assembly (Bundesversammlung) and five may be members of the cantonal governments. Thus the law provides that only five of the Board of Directors may be members of the Federal Government. Although the Government is in a position to exercise its influence indirectly through the appointive power, the independence of the Central Bank from the Government in regard to its policies is in reality effectively assured.

RESERVE REQUIREMENTS

Article 19 of section 111 of the Federal law of April 7, 1921, concerning the Swiss National Bank reads in part as follows:

The metal (gold) coverage (of the currency) must amount to at least 40 percent of the notes in circulation. The minimum metal coverage is to be kept within the country.

Silver may not be included in the currency reserves and is used only for subsidiary coinage. The National Bank does not hold silver bullion beyond the subsidiary coinage needs.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no embargoes or restrictions on gold and silver movements into or out of Switzerland.

The importation of gold in bullion form is subject to only a nominal duty, and imports of gold coins are duty free. The smuggling of gold does not, therefore, constitute a problem. According to reliable information, considerable quantities of gold coins of different countries have found their way into Switzerland in recent years without being declared, but failure to make formal declaration was owing more to a desire for secrecy than to fear of any restrictions.

The movement of silver outside of recognized channels is very small, and smuggling of the metal may be regarded as nonexistent.

GOLD

The Swiss gold reserve as of May 31, 1935, was 385,728.65 kilograms, or 1,192,672,990.70 francs, one kilogram 0.900 fine being valued at 3,092 francs.

Article 1 of the "Provisions for the Purchase of Gold In Bars and Foreign Coins" of the Business Regulations of the Swiss National Bank provides as follows:

The Swiss National Bank buys, insofar as the need exists, gold bars on the basis of 3,086.50 francs for a kilogram of gold of a fineness of 900/1000, equal to 3,429.44 francs for a kilogram of fine gold.

Gold is not purchased at a premium in Switzerland. The country mines practically no gold.

There has been considerable gold hoarding in Switzerland in recent years, and especially at times when it was thought that the country might devalue its currency. Since 1931, gold to a total value of 700,000,000 francs has been imported in private account, and only 200,000,000 francs has been exported. Thus, on the last 4 years, 500,000,000 francs of gold has apparently found its way into private hoards. The foregoing amounts, however, embrace only those of which there is a record; the importation of gold coins without the formality of declaration has been common. The chief statistician of the Swiss National Bank estimates the amount of gold hoarded in Switzerland at 1,000,000,000 francs, while the Credit Suisse, the largest private bank, places the amount at 1,500,000,000 francs. Local opinion seems to regard the latter as a conservative estimate.

THE GOLD CLAUSE

The gold clause has not been deemed important in Switzerland and, following the lead of the National Bank, commercial bankers have avoided the gold clause in loan contracts. During the speculative attack on the Swiss franc in April 1935, gold was at a considerable premium. Swiss bankers, however, looked upon this merely as a passing phenomenon, apparently feeling that any discussion concerning the possible need for a gold clause would be an indication of weakness and would be reflected in loss of confidence in the currency. In law, all contracts calling for payments of Swiss money are presumed to be payable in gold.

SILVER

Of a total outstanding silver coinage amounting to 188,081,563.50 francs (1,250,000 kilograms of 835/1000 fineness), on December 31, 1934, 33,500,000 francs was held in the vaults of the National Bank, and the balance by the private banks and by the general public. More detailed statistics are not available.

SYRIA

The monetary unit is the Syrian pound, divided into 100 piasters. The Syrian pound is pegged to the French franc at a rate of 20 French francs to 1 Syrian pound.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

No old issues of notes or foreign notes are in circulation, although there is no restriction on the importation of foreign notes. Checks are used to a very small extent, because of the extreme conservatism of the people. Paper currency is in common use throughout the country. Turkish silver coins were formerly used to a large extent in the interior, but have recently been withdrawn from circulation.

The notes are engraved by the Bank of France. Protection against counterfeiting is assured by the fact that the Bank of France prints the notes, and by the use of thin watermarked paper. The notes are full legal tender.

Paper Currency of Syria

Denomination	Dimensions	Amount outstanding Oct. 31, 1935 (millions of Syrian pounds)
100 Syrian pounds	237 by 132 millimeters	0.55
50 Syrian pounds	230 by 125 millimeters	3.20
25 Syrian pounds	220 by 121 millimeters	1.93
10 Syrian pounds	187 by 119 millimeters	2.84
5 Syrian pounds (1930 issue)	180 by 100 millimeters	3.57
5 Syrian pounds (1935 issue)	180 by 106 millimeters	3.10
1 Syrian pound	164 by 100 millimeters	15.19
Total		

Coins of Syria

Denomination	Metal of chief value	Finess	Gross weight		Gold or silver content		Diameter (mm)	Thickness (mm)	Amount outstanding Oct. 31, 1935 (millions of Syrian pounds)
			Grams	Grains	Grams	Grains			
50 piasters	Silver	10.680	10.0000	154.3236	6.8000	104.9400	28	2.0	1.4
25 piasters	do.	1.680	5.0000	77.1618	3.4000	52.4700	24	1.5	
10 piasters	do.	1.680	2.0000	30.8647	1.3600	20.9880	17	1.0	
5 piasters	Copper	2.910	4.0000	61.7294			23	1.4	.8
2 piasters	do.	2.910	2.0000	30.8647			18	1.0	
1 piaster	Nickel	1.250	5.0000	77.1618			24	1.5	
1/2 piaster	do.	1.250	4.0000	61.7294			21	1.5	.211
Turkish coins:									
1 pound	Gold	1.9167	7.2160	113.5991	6.6149	102.0679	22	1.08	4.50
1/2 pound	do.	1.9167	3.6080	55.6800	3.3075	51.0340	18	.86	
20 piasters	Silver	1.830	24.0550	371.2168	19.9657	308.0708	37	2.52	
10 piasters	do.	1.830	12.0280	185.6161	9.9832	154.0408	27.25	2.09	
5 piasters	do.	1.830	6.0140	92.8080	4.9916	77.0204	24	1.37	
2 piasters	do.	1.830	2.4050	37.1140	1.9962	30.8014	18.75	.92	
1 piaster	do.	1.830	1.2030	18.5652	.9985	15.4069			
Total									6.911

¹ Alloy is copper.

² Alloy is aluminum.

³ The Turkish coins are not a part of the legal currency, but have enjoyed a large circulation despite the efforts of the Syrian Government to have only Syrian currency used.

⁴ Estimated.

NOTE-ISSUING AUTHORITY

On April 8 and 22, 1919, the French Minister of Finance signed an agreement with the Banque de Syrie (now the Banque de Syrie et du Grand Liban), according to which the Banque de Syrie was authorized to establish a note-issuing department as an entirely independent office charged with all operations pertaining to note issue and withdrawal. Notes are issued for the account of the Treasury or the Banque de Syrie at Paris. Payments by the bank to the French Government result in the opening of a credit by the French Treasury to exactly the countervalue of the sum paid. On the other hand, the note-issue department cannot give the notes to the Banque de Syrie for its commercial transactions except in exchange for foreign money or drafts drawn on foreign countries which must constitute, together with the credits opened at the Treasury in Paris, cover for money in circulation.

While notes are issued by the note-issue department at the Banque de Syrie et du Grand Liban, the French High Commissioner in his decree no. 2507, dated April 16, 1929, authorized the States of the Levant under French mandate to issue silver coins, and instructed the Banque de Syrie et du Grand Liban to do this in their behalf. Previously, according to decrees dated January 1, 1922, and February 16, 1923, the French High Commissioner had authorized the States to issue nickel and copper coins. (See above table on Coins of Syria.)

The several local governments have no voice in the policies of the Banque de Syrie et du Grand Liban. However, the French High Commission has the right to audit the accounts of the note-issue department.

RESERVE REQUIREMENTS

According to the convention between the governments of the Syrian States (represented by the High Commission) and the Banque de Syrie et du Grand Liban, the bank notes in circulation must at all times be wholly covered by a reserve consisting of the following assets (the silver and other coins require no reserve):

1. Gold coin or bullion, or foreign government securities payable in gold;
2. A portfolio consisting of either foreign bills of exchange bearing at least two signatures acceptable to the bank, with a maximum duration of 90 days, stipulated in foreign currency and drawn in foreign or Syrian markets on foreign markets; or local bills of exchange bearing three signatures acceptable to the bank, with a maximum duration of 90 days and designated in Syrian money. The total value of the foreign and domestic bills put together must not exceed 7 percent of the amount of bank notes in circulation, nor 1,000,000 Syrian pounds;
3. An obligatory deposit, designated by the name "A" account, located at the Central Public Treasury at Paris, the amount of which must be equivalent to, but not exceeding one-third of the total circulation, and to bear interest at the rate of 1.5 percent per annum.

The bank may also have, if it so desires, another demand deposit at the Central Public Treasury at Paris, designated by the name "B" account, which shall bear interest at a rate not less than that allowed by the said Treasury on demand deposits of individuals. The total value of the portfolio of commercial bills and the balance in account "B" must never exceed 22 percent of the circulation reserve;

4. Securities of the French Government, or securities guaranteed by it, payable within a period not exceeding 2 years; said securities to be deposited at the Banque de France.

The cover of the note circulation must be calculated at the rate of the day, the piaster being equal to 20 French centimes, and a margin of at least 10 percent must be deducted from that part which consists of gold and commercial bills payable in other money than the franc.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

LEGAL STATUS OF GOLD AND SILVER MOVEMENTS

1. Decree no. 443, dated October 26, 1920, provided for free movement of gold within the States under mandate;
2. Decree no. 844, dated May 10, 1921, forbade the exportation of gold, silver, platinum, either as money or bullion;
3. Decree no. 2040 of July 23, 1928, stated that the export of gold, silver, or platinum might be authorized on special application to the Financial Adviser of the French High Commission.
4. Decree no. 27/LR of April 10, 1931, provided for free importation of gold in money or bullion as well as for its reexportation in transit; for free exportation of silver in money or bullion and its importation in bullion. It prohibits the exportation of gold in money or bullion as well as importation and transit of silver money and old money. It states that such prohibitions can be repealed only by special authorization of the Adviser of the High Commission for Financial Affairs.

GOLD

The total amount of gold reserves as of June 1, 1935, was 500,000 Syrian pounds, all held by the Banque de Syrie et du Grand Liban in Turkish coins and bullion. The weight is unknown.

Neither the Government nor the bank has any definite gold-buying policy. However, the bank (but not its note-issue department) buys Turkish gold pound coins whenever the local rate is lower than the price of gold in Paris. All gold bought is shipped to France.

The habit of hoarding and the disinclination to invest are deeply rooted in Syria, particularly in the interior of the country. It is impossible to determine how much gold is hoarded, but it may be estimated at between one-fourth and one-third of the total monetary stock.

THE GOLD CLAUSE

Domestic contracts, and more especially rental leases, are stated in Turkish gold pounds. If the rate is not stated, it must be paid according to the rate of exchange prevailing on the day payment is made.

SILVER

No figures as to the weight of the silver held by the public or by the banks are available. Neither the Government nor the Banque de Syrie et du Grand Liban has on hand any silver except in the form of coins.

The general public, which used to possess about 2,000,000 Syrian pounds of Turkish silver currency, is believed to be disposing of it, owing to the provisions of the High Commissioner's decree no. 116, LR issued on May 23, 1935. According to customs statistics, exports of silver money amounted to 52 metric tons, valued at Syrian pounds 556,022, in the first half of 1935; since the exportation of Syrian money is forbidden, this amount must have been in Turkish silver coins.

TURKEY

By the decree-law of April 8, 1916, on monetary unification, the monetary unit is the gold piaster. In practice, however, the Turkish pound (symbol £T) is employed as the monetary unit, the piaster being regarded as a divisional part thereof. There are 100 piasters to the pound and 40 paras to the piaster. The fine gold content of a piaster is 0.0661518 gram and its value is \$0.074439. As a matter

of fact, the currency has long been on a fiduciary basis. In recent years, however, its value in foreign exchange has been stabilized by linking the Turkish pound (100 piasters) to the French franc at the rate of 12.06 French francs to 1 Turkish pound. On that basis the Turkish pound has a value equivalent to about \$0.80.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Regarding the coins in circulation, it should be stated that, in addition to the coins listed in the table below, there are still in existence, although they have been largely retired from circulation, the following coins: The atilik (5 piasters) and its subdivisions (2½ and 1¼ piasters); the beslik (2½ piasters) and the ½ beslik (1¼ piasters); the old metalik (20, 10, and 5 paras) and the avarli (10 and 5 paras). Details as to the metallic composition, weights, and dimensions of these old coins are not at hand.

Paper Currency of Turkey

Denomination	Dimensions	Amount outstanding Sept. 15, 1935 (millions of Turkish pounds)
1,000 Turkish pounds.....	7.91 by 4.84 inches.....	148.1
500 Turkish pounds.....	7.67 by 4.68 inches.....	
100 Turkish pounds.....	7.56 by 4.52 inches.....	
50 Turkish pounds.....	7.28 by 4.33 inches.....	
10 Turkish pounds.....	6.89 by 3.93 inches.....	
5 Turkish pounds.....	6.69 by 3.62 inches.....	
1 Turkish pound.....	6.53 by 3.54 inches.....	

¹ These notes have been called.

Coins of Turkey

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)
			Grams	Grains	Grams	Grains		
Coins now in circulation								
25 piasters.....	Nickel.....	(¹)	10.0000	154.3200	.....	.....	29.50	1.70
20 piasters.....	Silver ¹	0.830	24.0550	371.2253	19.9557	308.1170	37.00	2.52
10 piasters.....	do. ¹.....	.830	12.0275	185.6127	9.9829	154.0585	27.25	2.09
5 piasters.....	Copper ².....	.900-.915	7.5000	115.7400	.....	.....	27.20	2.06
Do.....	Silver ¹.....	.830	6.0140	92.8063	5.0196	77.0292	27.20	2.06
2½ piasters.....	Copper ².....	.900-.915	4.0000	61.7280	.....	.....	24.00	1.37
2 piasters.....	do. ¹.....	.900-.915	2.0000	30.8640	.....	.....	22.50	1.35
1 piaster.....	Silver ¹.....	.830	2.4050	37.1225	1.9962	30.8117	18.75	.95
Do.....	do. ¹.....	.830	1.2025	18.5613	.9981	15.4059	18.75	.92
¼ piaster.....	Nickel.....	(¹)	6.0000	92.5920	.....	.....	15.00	1.00
20 paras.....	Silver ¹.....	.830	.6010	9.2806	.4988	7.7029	13.75	.52
10 paras.....	Nickel.....	(¹)	4.0000	61.7280	.....	.....	21.00	1.27
Do.....	do. ¹	(¹)	2.0000	30.8640	.....	.....	18.50	1.05
6 paras.....	do. ¹	(¹)	1.7500	27.0060	.....	.....	16.00	.95
Coins being placed in circulation								
100 piasters.....	Silver ¹	0.830	12.0000	185.1840	9.9900	153.7027	29.00	1.76
50 piasters.....	do. ¹.....	.830	6.0000	92.5920	4.9800	76.8514	24.00	1.28
25 piasters.....	do. ¹.....	.830	3.0000	46.2960	2.4900	38.4257	19.00	1.00
10 piasters.....	Nickel ¹.....	.250	6.0000	92.5920	.....	.....	25.50	.....
5 piasters.....	do. ¹.....	.250	4.0000	61.7280	.....	.....	21.50	.....
1 piaster.....	do. ¹.....	.250	2.0000	30.8640	.....	.....	18.50	.....
10 paras.....	Copper.....	.....	2.0000	30.8640	.....	.....	18.00	.....

¹ Pure.

² Alloy is copper.

³ Alloy is aluminum.

NOTE-ISSUING AUTHORITY

The Central Bank of the Republic of Turkey is the principal note-issuing agency. The Ottoman Bank, which since 1863 has enjoyed the right of note issue, is permitted, under its latest convention with the Government (June 1935), to issue notes in an amount not exceeding £T 279,069.

The notes issued by the Central Bank include those put out by the Government during the World War, for which the bank assumed responsibility on October 3, 1931.

The Government has a controlling voice in the policies of the Central Bank, owning over 50 percent of the shares.

RESERVE REQUIREMENTS

There are no legal requirements as to reserves against the currency. Until 1931 the Turkish paper currency had no metallic cover whatever. During the past 4 years important gold reserves have been accumulated. At present the coverage is about 19.7 percent. Silver is not considered legal metallic reserve for the currency, and no appreciable stocks of silver are held by the Central Bank.

During the past year 42,473 kilos of silver were acquired abroad for the purpose of striking Turkish 1-pound silver coins and the contemplated 50- and 25-piaster silver pieces.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

By virtue of the decree-law of March 2, 1919, the export of silver is prohibited. The export of gold has been forbidden, by law, since November 6, 1922. For several years following the World War gold coins of the old Ottoman Empire were smuggled out of the country in considerable quantities, but the amount of smuggling is relatively small at present.

GOLD

On September 14, 1935, the Central Bank held 13,360.1 kilograms of gold valued at 23,011,845 Turkish pounds, besides 4,401.3 kilograms of gold valued at 6,190,763 Turkish pounds deposited abroad.

THE GOLD CLAUSE

The gold clause is not used in domestic contracts. The Turkish currency bears no promise to pay in gold and is strictly a fiat currency.

SILVER

Turkey has practically no stocks of silver. When, in May 1933, the Government passed a law calling for the minting of 1-lira (pound) silver coins, it decided to accept the old Ottoman Empire 20-piaster silver coin for the payment of taxes at the rate of 37 piasters paper currency for each coin, and the Central Bank was instructed to buy silverware presented at its windows at the rate of 19 piasters for each 10 grams of pure silver. Despite these measures, it was found that practically all of the silver required for the minting of the 1-lira coins had to be purchased abroad.

UNION OF SOUTH AFRICA

The monetary unit is the South African pound (symbol £), divided into 20 shillings (s.) of 12 pence (d.) each. The South African pound has a par value of approximately \$8.2397.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

There are still outstanding gold sovereigns and half sovereigns, although the issuance of these coins ceased when gold payments were suspended at the end of 1932. Subsequently the South African Reserve Bank has purchased sovereigns and half sovereigns offered to it at a price approximately that of the bullion content of the coins in accordance with the current London market price of gold.

The establishment of a branch of the Royal Mint at Pretoria was provided for by Act No. 45 of 1919. The Coinage Act, no. 31, of 1922, defines the powers of the Minister of Finance with respect to the coinage, and the powers of the Governor-General regarding the dimensions, designs, etc. The act prescribes the denominations, weight, fineness, etc., of the coins made at the Pretoria Mint.

Because of the extensive smuggling of British silver coins into the Union, to avoid loss of exchange, Government notice no. 1507, dated November 18, 1932, was issued, providing for the withdrawal of such coins from circulation in the Union and for their demonetization as of January 15, 1933.

The use of checks is fairly common, although there is a 1-pence tax on each check.

Details as to the amount of silver coins outstanding in 1935 are not available. In 1934 the amount in circulation was £2,080,000 and that held by the banks, £620,000, as compared with £2,615,222 and £660,278, respectively, in 1929.

Silver coins are legal tender in amounts not exceeding £2 and copper coins in amounts of not more than £1.

Paper Currency of the Union of South Africa, June 14, 1935¹

Denomination	Dimensions	Amount outstanding June 14, 1935 (hundreds of pounds)
100 pounds.....	3¼ by 6¾ inches.....	75.7
20 pounds.....	3¼ by 6¾ inches.....	195.2
5 pounds.....	3¼ by 6¾ inches.....	4,656.9
1 pound.....	3¼ by 5¾ inches.....	6,196.4
½ pound (10 shillings).....	3¼ by 5¾ inches.....	1,118.5
Total.....		12,242.8

¹ Engraved on paper of British manufacture with plates and dyes made in England. The paper is similar to "safety paper" used in the United States for checks.

² The small discrepancy in the summation is due to abbreviation of the items.

Coins of the Union of South Africa, 1935

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)
			Grams	Grains	Grams	Grains		
2½s. (half crown).....	Silver ¹	0.800	14.1380	218.1818	11.3104	174.5455	32.2072	2.1336
2s. (florin).....	do.....	.800	11.3104	174.5455	9.0483	139.6364	28.6004	2.1390
1s. (shilling).....	do.....	.800	5.6552	87.2727	4.5241	69.8182	23.6474	1.0002
6d. (sixpence).....	do.....	.800	2.8276	43.6364	2.2620	34.9091	19.3294	1.2700
3d. (threepence).....	do.....	.800	1.4138	21.8182	1.1310	17.4545	16.2560	.9144
1d. (penny).....	Copper.....	(2)	9.4498	145.8333	.....	.....	30.9118	1.8288
½d. (halfpenny).....	do.....	(2)	5.6699	87.5000	.....	.....	25.5270	1.6510
¼d. (farthing).....	do.....	(2)	2.8350	43.7500	.....	.....	20.1930	1.3208

¹ Alloy is copper.

² Not reported. Alloy is tin and zinc.

NOTE-ISSUING AUTHORITY

The Currency and Banking Act of 1920 gave the South African Reserve Bank the sole right to issue bank notes in the Union for a period of 25 years from the effective date of the act, namely, December 17, 1920. (The bank began to operate June 30, 1921.) These notes are legal tender even when tendered by the bank itself, but they are no longer redeemable in gold. The denominations of the notes are fixed by the Treasury. The commercial banks which had enjoyed the note-issue privilege were to cease to issue or reissue notes at a date to be determined after the Reserve Bank began operations (this date was later fixed as of June 30, 1932) and within 2 years after that date the several banks were required to pay over the amount of their notes still outstanding to the Reserve Bank which would then assume all liability for them.

As of March 31, 1935, the balance sheet of the Reserve Bank shows that there were outstanding £137,867 10s. of notes of the commercial banks, for which the Reserve Bank had assumed liability.

Of the 11 directors of the Reserve Bank, 5 are appointed by the Governor General and 6 are chosen by the shareholders. Of the latter, three must be, or have been, actively engaged in commerce or finance, one in agriculture, and two in other industrial activities. The provision of the original act, that three directors experienced in banking and finance were to be selected by the shareholding banks as their representatives, was abolished on June 30, 1923.

RESERVE REQUIREMENTS

The Currency and Banking Act of 1920 provided that the notes of the Reserve Bank must be secured by a reserve of not less than 40 percent in gold. This ratio was reduced to 30 percent by section 4 of the Currency and Exchanges Act of 1933, which also provided that one-half (instead of one-quarter) of the reserve might, with the consent of the Treasury, be held abroad. Silver may not be included in the reserve.

The minimum ratio of gold reserve to deposits and bills payable of the bank was likewise reduced from 40 to 30 percent by the Currency and Exchanges Act of 1933 (sec. 7). With the consent of the Treasury, one-half of this reserve may be kept abroad. Silver specie may comprise part of the reserve, but the proportion of silver therein may not exceed 20 percent.

On June 14, 1935, the bank held £109,269 8s. 6d. in silver coin, but no silver bullion. Silver coin, therefore, constituted a negligible proportion of the bank's metallic reserves.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no embargoes on the exportation of gold or silver from the Union and no restrictions on their movement into or within the country.

GOLD

On June 14, 1935, the gold reserve held by the South African Reserve Bank against its notes and deposits amounted to over £28,400,000 (calculated at the standard price of 84s. 11.45d. per fine ounce). Of this amount about £6,977,000 was held in London and the remainder

was held in South Africa. The weight of this gold was 6,689,902.728 ounces fine.

The output of the mines of the Witwatersrand is purchased twice a week by the South African Reserve Bank, in conformance with a contract between the gold producers and the bank. This gold is either retained by the bank or sold on the London bullion market.

The bank may buy and sell gold with a view to preventing any undue fluctuations in the relative exchange value of the currency of the Union in relation to that of the United Kingdom. Any profit or loss on these transactions is for the account of the Union Government.

It is thought that the public is not hoarding gold. It is estimated that approximately 235,420 fine ounces, or about £1,000,000, of gold coin is held by the public, excluding the banks.

THE GOLD CLAUSE

Prior to 1931, contracts seldom contained the gold clause. Within the next 2 years its inclusion became frequent. Because of a statute passed by the South African Government in 1933, however, the matter has come to have only academic significance. The statute decreed that payment of an obligation stated in gold coin could be made by notes or other instruments that are legal tender at the time of payment.

SILVER

Silver coin in the hands of the banks and the public on December 31, 1934, was estimated at £2,700,000, of which sum the banks held approximately £620,000.

In addition the Union Government held at the South African Mint, for issuance to the banks as required, a sum of £31,400 in Union legal-tender coin. The above £2,731,400 in silver coin contains approximately 8,000,000 fine ounces of troy silver.

UNION OF SOVIET SOCIALIST REPUBLICS

Although the notes issued by the issue department of the state bank are expressed in chervontsy (singular, chervonets), and treasury notes in rubles, the ruble is generally regarded as the currency unit of the Soviet Union. The chervonets is equivalent to 10 rubles. By a decree issued October 25, 1922, authorizing the minting of gold chervontsy, the weight of this gold coin was fixed at an amount equivalent to approximately 7.7423 grams or 119.4825 grains, which would give it a value of about \$8.7125. The notes issued by the state bank and the treasury are not, however, redeemable in gold or silver.

DESCRIPTION AND CIRCULATION OF CURRENCY

The notes of the state bank are issued in denominations of 1, 3, 5, 10, 25, and 50 chervontsy and those of the treasury, in denominations of 1, 3, and 5 rubles. The circulation on April 1, 1935, of the former was officially reported as 3,978,041,500 rubles, and of the latter, as 3,500,925,525 rubles.

On April 1, 1935, the total circulation of silver and nickel coins amounted to 344,569,310 rubles; copper coins, to 7,234,541 rubles; and bronze coins to 48,657,236 rubles. The following is a description of the silver coins:

Coins of U. S. S. R.

Denomination	Silver content		Denomination	Silver content	
	Grams	Grains		Grams	Grains
1 ruble.....	18.0	277.776	15 kopecks.....	1.35	20.8332
50 kopecks.....	9.0	138.888	10 kopecks.....	.90	13.8888
20 kopecks.....	1.8	27.777			

Nickel coins are issued in denominations of 20, 15, and 10 kopecks. The 20-kopeck piece has a gross weight of 3.6 grams, or 55.554 grains, the weights of the 15-kopeck and 10-kopeck pieces being, respectively, three-quarters and one-half of those amounts. The copper and bronze coins are of 1, 2, 3, and 5 kopecks.

NOTE-ISSUING AUTHORITY

From October 11, 1922, until the currency reform of February 5, 1924, the state bank possessed the sole right to issue notes. Since 1922 a special council, known as the emission board, has been entrusted with this function. The board consists of five members: One appointed from each of five dominant Government agencies, including the president of the board of the state bank, and a member of the board of the state bank.

The state controls the activities of the state bank.

The treasury, under the Peoples' Commissariat for Finance, has the power to mint silver, nickel, copper, and bronze coins and, since the currency reform of 1924, to issue treasury notes in denominations of 1, 3, and 5 rubles. The currency issued by the treasury is transferred to the state bank as an exchange and special reserve fund of the treasury. The technical work of issuing treasury currency is carried out by the state bank.

RESERVE REQUIREMENTS

Notes of the state bank and the treasury are fully guaranteed by these institutions and are secured by reserves which were stipulated by the Council of Peoples' Commissars on October 11, 1922, as follows: Not less than 25 percent of the sum of the notes shall be held in the form of precious metals and stable foreign currencies according to the gold rate, while the remaining 75 percent shall be secured by goods which can easily be sold, domestic⁴¹ short-term bills and other short-term obligations.

The volume of coins issued is fixed in the state budget. Apart from the exchange fund of the treasury, the Peoples' Commissariat for Finance submits to the state bank a special reserve fund which is safeguarded in special vaults at the exclusive disposal of the Commissariat of Finance. The exchange fund can be used as follows: (a) To exchange treasury currency against bank notes and vice versa; (b) to exchange various denominations of treasury currency; and (c) to withdraw old and worn-out treasury currency from circulation.

According to the statement of the issue department of the state bank the total reserves as of October 1, 1935, were as follows:

⁴¹ Domestic short-term bills represent settlements of intergovernmental agencies.

Statement of the Issue Department of State Bank of U. S. S. R.

Item	Oct. 1, 1935	Apr. 1, 1935
Gold reserve.....	(Chervontsi) 96,336,986	(Chervontsi) 85,835,583
Other precious metals.....	739,991	739,992
Foreign currency.....	3,129,949	3,472,732
Foreign bills.....	338,976	434,456
Bills discounted.....	399,454,098	308,017,237
Total.....	500,000,000	398,500,000

The value of gold is calculated at 1.29 rubles per gram of pure gold, and of platinum, at 1.24 rubles per gram. The pound sterling is valued at 5.67 rubles, the dollar at 1.15 rubles, and the German mark, at 0.46 rubles.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The various decrees regulating foreign trade in precious metals have been so voluminous and subject to so many changes that no attempt can be made here to reproduce even the major provisions. In general, precious metals in the form of bullion or art objects cannot be exported except by special authorization of the currency administration of the Peoples' Commissariat for Finance. Item 65 of the customs tariff permits the importation, free of duty, of gold in any form except coin which is not mentioned in that article. In general, monetary values of all kinds can be freely imported into the Soviet Union.

Gold has not been in circulation for almost 20 years in the territory occupied by the Soviet Union, and silver was in circulation for only a short period following the establishment of the new monetary system in 1924. The policy of the Soviet Government of selling merchandise for gold or silver coins, articles, or bullion at prices much lower than those charged for goods sold for paper rubles or goods unavailable elsewhere has, it is believed, resulted in much of the hoarded gold and silver passing into the hands of the Government. Soviet officials reported that in the years 1932-35, inclusive, approximately 370,000,000 rubles of gold were surrendered by the public. This practice has removed the incentive for smuggling precious metals out of the country, and it appears that there is very little smuggling at present.

GOLD

The state bank of the Soviet Union held a total gold reserve of 858,355,830 rubles on April 1, 1935, and 963,369,860 rubles on October 1, 1935. At the official rate of approximately 87 cents United States currency per gold ruble these sums would be roughly equivalent to \$724,769,672 and \$838,131,798, respectively. It has not been the practice of the treasury or state bank to purchase gold at a premium.

It is believed that there is practically no hoarding of gold.

THE GOLD CLAUSE

Gold clauses are not inserted in Soviet contracts intended for execution within the Soviet Union.

SILVER

No information is available regarding the stocks of silver bullion or silver coins held by either the public or the Government.

UNITED KINGDOM

The monetary unit is the pound sterling (symbol £), divided into 20 shillings (s.) of 12 pence (d.) each. The par value of the pound sterling is approximately \$8.2397.

DESCRIPTION AND CIRCULATION OF CURRENCY

The accompanying tables describe the currency of the United Kingdom.

There is no restriction on the importation and exportation of gold, silver bullion or coin, or paper currency, but no foreign money is in circulation. The importation of foreign coins other than gold or silver is subject to license.

The notes are engraved and lithographed on linen-rag paper of domestic manufacture.

Of the £411,000,000 of notes outstanding on April 30, 1935, £387,600,000 were those of the Bank of England; £21,400,000, notes of the Scottish joint-stock banks; and £2,000,000, notes of banks in Northern Ireland. The notes of the Scottish and Northern Ireland banks are in denominations of £5 or over.

The use of checks is widespread and increasing.

Paper Currency of United Kingdom

Denomination	Dimensions	Denomination	Dimensions
1,000 pounds.....	8½ by 5½ inches.	10 pounds.....	8½ by 5½ inches.
500 pounds.....	8½ by 5½ inches.	5 pounds.....	8½ by 5½ inches.
100 pounds.....	8½ by 5½ inches.	1 pound.....	5½ by 3½ inches.
50 pounds.....	8½ by 5½ inches.	½ pound.....	5½ by 3½ inches.
20 pounds.....	8½ by 5½ inches.		

Coins of United Kingdom

Denomination	Metal of chief value	Fineness	Gross weight		Gold or silver content		Diameter (mm.) ¹	Thickness (mm.) ²
			Grams	Grains	Grams	Grains		
5 pounds.....	Gold.....	916½	39.9403	616.3724	36.6119	565.0080	36.12	-----
2 pounds.....	do.....	916½	15.9761	246.5490	14.6448	226.0032	28.50	-----
1 pound (sovereign).....	do.....	916½	7.9881	123.2745	7.3224	113.0016	22.05	1.70
10s. (half sovereign).....	do.....	916½	3.9940	61.6372	3.6612	56.5008	19.25	1.22
5s. (crown).....	Silver.....	500	28.2759	435.3636	14.1380	218.1818	38.81	3.10
2½s. (half crown).....	do.....	500	14.1380	218.1818	7.0690	109.0909	32.50	2.41
2s. (florin).....	do.....	500	11.3104	174.5455	5.6552	87.2727	28.50	2.41
1s. (shilling).....	do.....	500	5.6552	87.2727	2.8276	43.6364	23.59	1.91
6d. (sixpence).....	do.....	500	2.8276	43.6364	1.4138	21.8182	19.49	1.65
4d. (four pence or groat).....	do.....	500	1.8851	29.0909	.9425	14.5455	17.63	1.14
3d. (threepence).....	do.....	500	1.4138	21.8182	.7069	10.9091	16.25	1.14
2d. (twopence).....	do.....	500	.9425	14.5455	.4713	7.2727	13.45	.96
1d. (penny).....	do.....	500	.4713	7.2727	.2356	3.6364	11.12	.74
1d. (penny).....	Copper.....	955	9.4498	145.8333	-----	-----	30.86	2.03
½d. (halfpenny).....	do.....	955	5.6699	87.5000	-----	-----	25.63	1.91
¼d. (farthing).....	do.....	955	2.8350	43.7500	-----	-----	20.27	1.65

¹ Not laid down in the regulations. The measurements here shown are of actual coins.

² Maximum thickness of finished coins.

³ Alloy is copper.

⁴ Alloy: Copper, 0.400; nickel, 0.050; and zinc, 0.050.

⁵ Coined only as maundy money.

⁶ Alloy: Tin, 0.030; zinc, 0.015.

NOTE-ISSUING AUTHORITIES

With two minor exceptions, the only note-issuing authorities are the Bank of England, the eight joint-stock Scottish banks, and the Irish banks. The Scottish banks are the following:

The Bank of Scotland.	National Bank.
The Royal Bank.	Union Bank.
British Linen Bank.	North of Scotland Bank.
Commercial Bank.	Clydesdale Bank.

The Irish banks include the following, all in Northern Ireland: Belfast Banking Co., Ltd., Northern Bank, Ltd., and Ulster Bank, Ltd.

The Westminster Bank and Lloyds Bank have small note issues outstanding in the Isle of Man. The respective amounts of such notes at the end of 1934 were £14,632 and £6,200.

The Bank of England, the Central Bank, is a private corporation and, technically, is not controlled by the Government, although there is increasingly close cooperation between the bank and the Treasury.

RESERVE REQUIREMENTS

The Bank of England may issue £260,000,000 of notes beyond the issue that is secured by gold coin and bullion. The limit of fiduciary issue was fixed at £260,000,000 in 1928, was temporarily increased to £275,000,000 in August 1931, and lowered to £260,000,000 in March 1933. Silver coin up to £5,600,000 may be included in the cover for the fiduciary issue.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

There are no restrictions on bullion and coin movements in the United Kingdom.

GOLD

The gold reserve of the Bank of England on August 21, 1935, was carried on the books at a value of £193,251,510. The market value of the gold reserve, converted into dollars, was about \$1,587,000,000.

THE GOLD CLAUSE

The status of the gold clause in the United Kingdom was determined in the case of *Feist v. Société Intercommunale Belge d'Electricité*. In 1933 Mr. Feist appealed to the House of Lords from the decision of the Court of Appeal upholding a lower-court decision that payment of the sum of £100 on a bearer bond which stipulated payment in gold coin equal to the standard of weight and fineness existing on September 1, 1928, could be satisfied by offering £100 in legal tender rather than by payment of the present paper equivalent of the quantity of gold mentioned in the bond.

On December 15, 1933, the House of Lords allowed the appeal and declared that the bond interest and principal must be paid in an amount of sterling computed in gold and not in mere legal-tender pounds, as permitted by the decision of the lower courts. Creditors were held entitled to receive "such a sum in sterling as represents the gold value of the nominal amount of each respective payment, such gold value to be ascertained in accordance with the standard of weight and fineness existing on September 1, 1928, and that accordingly

every pound comprised in the nominal amount of each such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of 123.27447 grains of gold of the standard of fineness specified in the First Schedule of the Coinage Act, 1870 * * *. The full decision was published in the London Times of December 16, 1933.

SILVER

The situation with respect to silver is as described in Trade Promotion Series No. 149, The Monetary Use of Silver in 1933.

The distribution of silver in monetary use is reported as follows:

	Amount	Fine ounces, estimate
General public.....	£50,000,000	90,909,390
Bank of England.....	2,000,000	32,727,388
Other banks.....	18,000,000	3,636,375
Total.....	70,000,000	127,273,146

¹ Based on an estimate of Messrs. Samuel Montagu & Co., London.

On August 21, 1935, the issue department of the Bank of England held £1,538,361 in silver coin, compared with £3,500,000 a year earlier.

URUGUAY

The monetary unit is the peso (symbol \$), divided into 100 centesimos. The peso has a par value of approximately \$1.7511.

Although by act of August 14, 1935, the main portion of the gold holdings of the Bank of the Republic that were transferred to the newly created issue department, was revalued for specified purposes, the peso has not been actually devalued by law.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency in circulation on June 24, 1935, is described in the accompanying tables. Since that date important changes have taken place as a result of the passage of the gold revaluation law of August 14, 1935. Some of these changes are briefly referred to under the headings "Reserve requirements" and "Restrictions on bullion and coin movements", below. Whether changes will be made in the dimensions and other physical characteristics of the bank notes which the issue department of the Bank of the Republic will substitute for the old notes of the bank, is not known at this time (February 1936).

Article 16 of the gold revaluation law of August 14, 1935, provided that as of the effective date of this law, all silver coins of previous and current issues should cease to be legal tender. They may, however, be exchanged in the currency issue department at their face value for a period of 1 year. The same article provides that the Bank of the Republic shall have authority to order the minting, for the account of the State, of fractional metal coins up to a total of 500,000 pesos. It must, however, obtain the approval of the executive power in determining the characteristics of the coins.

Paper Currency of Uruguay

Denomination	Emission	Dimensions	Circulation (millions of pesos)	
			Authorized	Amount outstanding June 24, 1935
500 pesos.....	German..... Argentine.....	202 by 101 millimeters..... 202 by 103 millimeters.....	15.7.....	31.4
100 pesos.....	English..... German.....	204 by 102 millimeters..... 186 by 87 millimeters.....	40.4.....	
50 pesos.....	English..... German.....	189 by 92 millimeters..... 170 by 82 millimeters.....	1.4.....	
10 pesos.....	German..... French.....	158 by 76 millimeters..... 163 by 95 millimeters.....	23.2.....	
5 pesos.....	English..... German.....	163 by 78 millimeters..... 139 by 74 millimeters.....	12.6.....	14.4
1 peso.....	French..... English.....	150 by 86 millimeters..... 146 by 76 millimeters.....	5.3.....	
50 centesimos.....	German..... English.....	135 by 69 millimeters..... 132 by 74 millimeters.....	0.2.....	
20 centesimos.....	English..... German.....	140 by 72 millimeters..... 137 by 67 millimeters.....	0.2.....	
Total.....			103.9.....	75.8

Coins of Uruguay

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Thickness (mm)	Circulation, June 24, 1935 (thousands of pesos)		
			Grams	Grains	Grams	Grains			In Bank of the Republic	Circulating	Total coined
5 pesos ¹	Gold.....	0.917	8.485	120.8405	7.7807	119.9617	22	2.5	3,946	604	1,550
1 peso ¹	Silver.....	.800	25.0000	385.8089	22.500	347.2280	23	2.0			13,000
50 centesimos ¹	do.....	.800	12.5000	192.9045	11.250	173.6140	23	2.0			
20 centesimos ¹	do.....	.800	5.0000	77.1618	4.000	61.7294	23	1.0			
10 centesimos ¹	Copper.....	.4.910	8.000	123.4589			26	2.0	72	928	1,000
5 centesimos.....	Nickel.....	.4.250	5.0000	77.1618			20	1.5	71	429	500
2 centesimos.....	do.....	.4.250	3.5000	54.0132			20	1.5	1	570	800
1 centesimo.....	do.....	.4.250	2.000	30.8647			17	1.0		129	130
Total.....									4,109	3,441	7,550

¹ Rare.

² The edge of the coin is stamped with the date of minting and the words "Republica Oriental del Uruguay."

³ This coin has a serrated edge.

⁴ Alloy: Aluminum 0.090.

⁵ Alloy: Copper 0.750.

⁶ 400 pesos.

NOTE-ISSUING AUTHORITY

The Bank of the Republic of Uruguay was the only note-issuing authority in Uruguay until September 26, 1935, when the currency-issue department, created by the gold revaluation act of August 14, 1935, was formally placed in charge of the Uruguayan currency and of the currency reserves which the Bank of the Republic had held. The issue department is an autonomous organization within the Bank of the Republic and is directed by an honorary council consisting of the president and directors of the Bank of the Republic, one representative each, of the Uruguayan private banks, the foreign banks in Uruguay, and the stockraisers' association, and two persons representing commerce and industry.

Article 7 of the law of August 14, 1935, provides that there shall be, as formerly, a major issue and a minor issue of bank notes; the minimum value of the former being 10 pesos, and the maximum value of the latter being 5 pesos. Notes of both issues are declared to be legal tender and to have the guaranty of the State. Article 12 provides that the issue of minor notes shall not exceed the maximum (20,000,000 pesos) authorized by the law of December 17, 1929.

A period of 6 months was fixed (art. 15) for the exchange of notes issued by the Bank of the Republic, this period to begin with the date on which the issue department places the new notes in circulation. Upon the expiration of this period, the notes issued by the Bank of the Republic cease to be legal tender, and they must be exchanged for new notes during a period of 1 year.

RESERVE REQUIREMENTS

The first statement published by the issue department following its establishment under the act of August 14, 1935, shows that on September 30, 1935, its metallic reserves consisted of 37,000,000 pesos in gold, and 4,091,324 pesos in silver, a total of 41,091,324 pesos.

The statement also shows that the issue department at that date had authority, under the act of August 14, 1935, to issue a maximum of 121,297,170.19 pesos in notes; of which 100,000,000 pesos had been delivered to the Bank of the Republic, while 21,297,170.19 pesos were to be delivered to the bank. The maximum was calculated as follows:

The equivalent of the reserve in gold and silver revalued at the rate of 2.1932 pesos for 1.....	Pesos 90, 121, 491. 79
The equivalent of the paid-up capital of the Bank of the Republic on September 30, 1935.....	31, 175, 678. 40
Total.....	121, 297, 170. 19

In a report dated October 28, 1935, H. Bartlett Wells, American vice consul at Montevideo, made the following statement on the note issue:

According to Article 10(a) of the law of August 14, 1935, the issue department shall deliver to the bank notes equivalent to the paid-in capital of the bank, under the guaranty of the liquid assets of the latter. For this reason the bank is liable to the issue department for an amount equivalent to the value of its paid-in capital, and of the notes transferred to it under this section of article 10. The remainder of the 100,000,000 pesos denoted on the last page of the September statement as "notes delivered to bank" is backed by the gold (37,000,000 pesos) and silver (4,091,324 pesos), a total of 41,091,324 pesos, revalued at the rate of 2.1932 pesos to 1 under article 19 of the law (providing that metallic reserves shall be revalued at the average of the official exchange rate during the 12 months previous to the passage of the law), and transferred to the issue department by the bank. This comes to 90,121,491.79 pesos, which, when added to the 31,175,678.40 pesos mentioned above as being issue backed by the bank's assets, comes to 121,297,170.19 pesos, or 21,297,170.19 pesos more than the 100,000,000 pesos of issue actually supplied to the bank. Since the bank may call on the department of issue for these 21,297,170.19 pesos, they figure among the assets of the bank.

It must not be supposed that the department actually supplied to the bank 100,000,000 pesos in new bills, leaving those already in circulation—71,517,423.80 pesos' worth at the end of August—suspended in the air without accounting. These pesos in circulation are no longer liabilities of the bank, but of the issue department, so they have dropped out of the bank's liability column. They now form part of the 100,000,000 pesos mentioned above.

Just as notes in circulation are not now, and were formerly, liabilities of the bank, so notes in the hands of the bank were not formerly, and are now, assets

of the bank. These appear under the item—Cash on hand—bills * * * 18,683,787.43 pesos and—Equalization fund—bills in custody * * * 8,093,813.07 pesos—among the bank's assets for September. Adding these to the 71,517,423.80 pesos in circulation on August 30, the total is 98,295,024.30 pesos. The remainder to make up 100,000,000 pesos—1,704,975.70 pesos—represents an actual increase in circulation over August. It appears, consequently, that on September 30 there were notes to the value of 73,222,399.50 in the hands of the public.

In addition to the forms of issue described above, the issue department may issue up to 10,000,000 pesos of emission mayor (major issue) notes of 10 pesos and up against rediscount paper for periods of 180 days or less, canceling the notes upon redemption of the paper (article 14, law of Aug. 14, 1935). The State assumes no responsibility for this issue, which has not yet been put into practice.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The importation of gold and silver into Uruguay is free, but exportation of both gold and silver is prohibited. The law of August 8, 1914, provides in article 10 "There is prohibited the exportation, reembarkation, or transshipment of gold in coins or bullion, except when expressly authorized by the executive power." This provision was extended continuously, until on December 17, 1923, a law made the prohibition permanent until the passage of legislation to the contrary. The power of the Government to make exceptions was also continued.

The exportation of silver has been under the control of the Bank of the Republic by virtue of the law of May 29, 1931, and regulatory decrees, which assigned to the bank the control of foreign exchange operations and of the exportation of capital. Recently, however, on June 3, 1935, in consequence of the arrest of a silver smuggler, the Bank of the Republic issued an express regulation prohibiting the exportation of silver in bullion or coin.

The clandestine exportation of silver coins is believed to have been going on for some months. Its extent is not known, but the 1-peso coins have completely disappeared from circulation, the 50-centesimo coins nearly so, and the 20-centesimo coins have decreased considerably in number.

GOLD

On June 24, 1935, the gold reserve amounted to 46,568,704.29 pesos. With the gross weight of the Uruguayan monetary unit 1.697 grams and its fine weight 1.556149 grams (both fixed by the law of June 23, 1862), the gold reserve amounted to 79,027 kilograms, or about 2,540,000 fine ounces troy.

Upon the establishment of the Issue Department of the Bank of the Republic on September 26, 1935, 37,000,000 pesos of gold were transferred to that department, the balance of the gold being held in the Banking Department. Details regarding the latter are not obtainable, but it is known that a part of these holdings is included in "cash on hand" and is earmarked for definite uses; at the end of November 1935, 1,755,798 pesos were held for the Equalization Fund and about 3,500,000 pesos for the Autonomous Amortization Board. In addition, the Banking Department is reported to have held gold abroad.

So far as could be learned, gold was not being purchased at a premium by the Government or the Bank of the Republic of Uruguay, nor is gold being hoarded to any appreciable extent.

THE GOLD CLAUSE

The legal status of the gold clause in domestic contracts in Uruguay has never been placed in question, so far as can be ascertained. Although the currency has not been convertible since 1914, it is still a common practice in domestic contracts to specify payment in "pesos oro sellado" (minted gold pesos), and payment in gold-backed currency is considered as complying therewith.

SILVER

The weight of the fine silver in monetary use is estimated by the Bank of the Republic as follows: In the hands of the public and in banks, 32,157,117.5 grams; in the Bank of the Republic, 90,217,882.5 grams.

VENEZUELA

The monetary unit is the bolivar (abbr. b.), divided into 100 centimos. The bolivar has a par value of approximately \$0.3268.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

Bank notes are not specifically declared to be legal tender, and those of Maracaibo banks are not generally accepted in the eastern sections of the country. The notes of the Banco de Venezuela, however, are said to be accepted freely in all parts of the Republic. The banks of emission are obligated to receive their own notes in payments due them and also to exchange them for legal money on demand.

The national gold coins are legal tender in any amount. Silver coins 0.900 fine are legal tender for payments up to 500 bolivares; those 0.835 fine, for payments up to 50 bolivares; and nickel coins, up to 10 bolivares.

The importation of foreign notes is prohibited, and they do not circulate.

Checks on banks are used very little. In fact, several of the Venezuelan banks do not carry checking accounts.

A Venezuelan bank furnished the following figures relative to monetary stocks of gold, silver, and nickel coins, and bank notes as of December 31, 1934:

Monetary Stocks of Gold, Silver, and Nickel Coins, and Bank Notes, Dec. 31, 1934

[In bolivares]

Item	In Banco de Venezuela ¹	In other domestic banks	In foreign branch banks	In circulation	Total
Gold coin.....	94,317,668	26,437,638	10,473,686	11,535,632	142,764,624
Silver and nickel coin.....	17,037,784	12,358,759	5,357,832	50,300,000	85,054,375
Notes of banks of issue.....	7,632,220	10,070,990	14,164,470	70,205,730	102,073,410

¹ The Banco de Venezuela is a semigovernmental institution, in that it is the depository of Government reserves of gold and other money.

The coinage of an additional 20,000,000 bolivares of silver was authorized by Executive decree of November 12, 1934, divided as follows:

Denomination	Number of coins	Value (bolivares)
5 bolivares.....	1,600,000	8,000,000
2 bolivares.....	3,000,000	6,000,000
1 bolivar.....	5,000,000	5,000,000
50 centimos.....	600,000	300,000
25 centimos.....	2,800,000	700,000
Total.....	13,000,000	20,000,000

Paper Currency of Venezuela¹

Bank of issue and denomination	Dimensions ²	Amount outstanding on June 30, 1935, by banks (bolivares)
Banco de Venezuela:		
500 bolivares.....	79 by 183 millimeters.....	53,695,000
100 bolivares.....	79 by 183 millimeters.....	
50 bolivares.....	81 by 186 millimeters.....	
20 bolivares.....	83 by 187 millimeters.....	
Banco Venezolano de Credito:		
100 bolivares.....	82 by 185 millimeters.....	17,540,000
20 bolivares.....	81 by 187 millimeters.....	
10 bolivares.....	80 by 185 millimeters.....	
Banco Caracas:		
100 bolivares.....	82 by 184 millimeters.....	9,633,410
20 bolivares.....	83 by 186 millimeters.....	
Banco Mercantil y Agrícola:		
100 bolivares.....	76 by 177 millimeters.....	12,000,000
20 bolivares.....	76 by 177 millimeters.....	
10 bolivares.....	75 by 176 millimeters.....	
Banco Comercial de Maracaibo:		
100 bolivares.....	77 by 177 millimeters.....	4,000,000
20 bolivares.....	76 by 175 millimeters.....	
10 bolivares.....	77 by 175 millimeters.....	
Banco de Maracaibo:		
100 bolivares.....		5,000,000
20 bolivares.....		
10 bolivares.....		
Total.....		102,128,410

¹ The notes are engraved and printed in the United States on American-made paper.

² The sizes mentioned here were reported in 1929. It was then stated that all new issues would have the uniform size of 75 by 175 millimeters.

Coins of Venezuela

Denomination	Metal of chief value	Fineness	Gross weight		Gold or silver content		Diameter (mm) ¹
			Grams	Grains	Grams	Grains	
100 bolivares.....	Gold.....	0.900	32.2581	497.806	29.0323	448.0256	35
20 bolivares.....	do.....	0.900	6.4516	99.566	5.8064	89.598	21
10 bolivares.....	do.....	0.900	3.2258	49.8805	2.9032	44.8022	19
5 bolivares.....	Silver.....	0.900	25.0000	385.800	22.5000	347.22	37
2 bolivares.....	do.....	0.835	10.0000	154.320	8.3500	128.857	27
1 bolivar.....	do.....	0.835	5.0000	77.160	4.1750	64.4286	23
50 centimos.....	do.....	0.835	2.5000	38.580	2.0875	32.2143	18
25 centimos.....	do.....	0.835	1.2500	19.790	1.0438	16.1071	16
12½ centimos.....	Nickel.....	0.250	5.0000	77.160			23
5 centimos.....	do.....	0.250	2.5000	38.580			19

¹ Data as to thickness of coins not available.

² Alloy is copper.

NOTE-ISSUING AUTHORITY

The Government does not issue notes. Those in circulation are issued by six banks, four in Caracas, and two in Maracaibo (see above table). There are no other banks of issue.

The Banco de Venezuela may be regarded in certain respects as a Central Bank, though under the law (Ley de Bancos of July 19, 1926) it is subject to the same regulations as other domestic banks of issue. Recent changes in the presidency of the Bank are said to have been dictated by political expediency.

RESERVE REQUIREMENTS

According to article 15 of the monetary law of June 15, 1918, "the coinage of silver cannot be ordered unless the same law orders double the quantity of gold coin; however, if it happens at the time of coining the silver that double the quantity of gold exists in the Treasury reserve funds, the Federal Executive may order the coinage of such amounts of silver as the National Congress may authorize."

By article 26 of the banking law of July 19, 1926, limits of note issuance and required reserves are as follows:

Banks of issue may be authorized to issue notes up to double their paid-in capital. The total value of the notes issued must be represented by the stock of legal currency in their vaults and by the sum of the values of their quick assets within the country, at sight or within the term of 30 days; but in all events the stock of coined gold in their vaults must represent at least the third part of the value of the notes issued. This stock may be reduced proportionately to the amount represented by notes that are not in circulation provided that the notes are kept together with the stock of gold mentioned above. When the interests of the Nation so require, the Federal Executive is empowered to fix a quota in cash larger than that determined in this article as a guarantee of the issue; and in this case a prudential lapse of time will be fixed so the banks may adapt themselves to the new disposition.

All silver in the banks and in the Government Treasury is in the form of coin.

RESTRICTIONS ON BULLION AND COIN MOVEMENTS

The monetary law provides as follows:

ART. 20. Foreign coins designated by the Federal Executive, whose respective value is indicated in accordance with their pure gold content, shall circulate legally in the country.

ART. 23. The importation and circulation of foreign coins, other than gold is prohibited. * * * (Coins for collections or exhibitions may be imported under certain conditions.)

ART. 24. Only the National Government may import Venezuelan silver and nickel coins.

Under the existing form of government in Venezuela, a ministerial resolution or even an oral order would be sufficient to prohibit exportation of gold from the country, and at the time when the bolivar was depreciated in terms of gold-standard currencies (1931-34) such an edict was in force, departing passengers being examined at the ports to prevent gold from being smuggled out of the country.

By regulation entitled "circulacion del Oro no Acunado" (Circulation of Uncoined Gold) provision was made for the reporting of all gold mined in the country, subject to the administration of the Ministry of Fomento. In article VI of this regulation it is stated that "the holding, circulation, or traffic in gold mineral remains sub-

ject to the vigilance, inspections, and verifications prescribed by article 52 of the Organic Law of the National Treasury."

Gold is mined to some extent in Venezuela (3,392 kilograms were produced in 1934) and it is currently exported by producing companies, chiefly to the United States and Great Britain.

GOLD

As of June 30, 1935, gold holdings of the various domestic and foreign banks were as follows:

	Millions of bolivares
Banco de Venezuela.....	124.6
Banco Caracas.....	6.8
Banco Venezolano de Credito.....	12.2
Banco Mercantil y Agricola.....	7.5
Banco de Maracaibo.....	¹ 1.7
Banco Comercial de Maracaibo.....	² 1.5
National City Bank of New York.....	5.0
Royal Bank of Canada.....	4.7
Netherlands Bank of the West Indies.....	.9
Anglo-South American Bank.....	.5
Total.....	³ 165.4

¹ As of June 30, 1933.

² As of Mar. 30, 1935.

³ Of this total, 60,500,000 bolivares represented reserves against notes.

As reported by the local branch of an American bank, gold reserves of the various banks at the close of the fiscal year 1932-33 were as follows:

Notes Issued and Gold Holdings of Commercial Banks in Venezuela

Name of bank	Date	Note issues outstanding	Gold reserve against notes	Other gold holdings
		Bolivares	Bolivares	Bolivares
Banco de Venezuela.....	June 30, 1933	53,875,000	30,000,000.00	36,019,033.63
Banco Caracas.....	do	9,258,410	4,500,000.00	3,334,471.25
Banco Venezolano de Credito.....	do	17,900,000	9,900,000.00	4,055,747.60
Banco Mercantil y Agricola.....	do	12,000,000	4,000,000.00	1,409,728.00
Banco de Maracaibo.....	do	5,000,000	1,666,704.90	17,888.00
Banco Comercial de Maracaibo.....	Mar. 31, 1933	4,044,000	1,377,335.00	210,341.00
Royal Bank of Canada.....	July 31, 1933			4,100,647.00
National City Bank of New York.....	June 24, 1933			4,021,804.00
Anglo-South American Bank.....	June 30, 1933			499,483.12
Netherlands Bank of the West Indies.....	do			1,238,547.00
Total.....		102,077,410	51,444,039.90	54,907,691.60

Weights of the gold holdings listed in the table are not available, but it may be assumed that practically all are gold coins 0.900 fine.

Gold is not being purchased at a premium by the Government or the Banco de Venezuela, the Government having ample stocks of gold as reserves for monetary purposes. Bank notes outstanding are about 15 percent less in value than the gold holdings of all the banks.

By arrangement made with the foreign petroleum companies and the banks, in August 1934, the Government had purchased drafts from the petroleum companies at an average rate of 3.07 bolivares per dollar to a total of \$16,845,003 up to February 28, 1935, this sum being applied to the acquisition of gold. This arrangement is to be discontinued after July 1, 1935, when the banks will be required until further notice to negotiate drafts of the petroleum companies.

There is virtually no gold in circulation, and, as of December 31, 1934, the quantity of gold in the hands of private individuals and firms was estimated at 11,535,632 bolivares. This sum may be regarded as hoarded. The weight thereof is not available.

THE GOLD CLAUSE

As far as can be ascertained, the gold clause is not customarily embodied in domestic contracts.

Article 18 of the monetary law of June 15, 1918 provides:

National gold coins constitute legal tender without any limit. Those of silver and nickel may be tendered in the following proportions:

Silver coins of 0.900 fineness, up to the sum of bolivares 500.

Silver coins of 0.835 fineness, up to the sum of bolivares 50; nickel coins up to the sum of bolivares 10.

The foregoing proportions shall apply to all payments, unless stipulation has been made for payment in a specific currency.

SILVER

The weight of fine silver in monetary use can be estimated only on the basis of the figures given in the table on coins of Venezuela.

YUGOSLAVIA

The monetary unit is the dinar (abbreviation d. or din.), divided into 100 paras. The dinar has a par value of approximately \$0.0298.

DESCRIPTION AND CIRCULATION OF CURRENCY

The currency is described in the accompanying tables.

The 10-dinar notes of the National Bank of Yugoslavia issued under date of November 1, 1920, ceased to be legal tender on July 18, 1935, as did also the outstanding 5-dinar notes. The November 20, 1920, and December 1, 1929, issue of 10-dinar notes will cease to be legal tender after May 4, 1936. There are no foreign notes in circulation, but the importation of foreign notes is not prohibited.

Silver coins are legal tender within the following limits: 50-dinar coins, up to 1,000 dinari; and 10-dinar and 20-dinar coins, up to 500 dinari.

The use of checks and paper bills is not widespread, but is developing gradually.

Paper Currency of Yugoslavia

Denomination	Date of issue	Dimensions	Amount outstanding Dec. 31, 1934 (millions of dinari)
1,000 dinari	Dec. 1, 1931	125 by 199 millimeters	2,487
100 dinari	Nov. 30, 1920 and Dec. 1, 1929	100 by 170 millimeters	1,446
Do	Jan. 5, 1905	do	33
Total			3,966
1,000 dinari	Nov. 30, 1920	125 by 199 millimeters	386
10 dinari	Nov. 1, 1920	80 by 126 millimeters	10
Do	May 26, 1926 and Dec. 1, 1929	do	14
5 dinari	Various dates		4
Total			1,418
Grand total			4,384

¹ The slight discrepancy in the summation is due to abbreviation of the items.

Coins of Yugoslavia

Denomination	Metal of chief value	Fineness	Gross weight		Silver content		Diameter (mm)	Amount minted (millions of dinari)	Amount outstanding Dec. 31, 1934 (millions of dinari)
			Grams	Grains	Grams	Grains			
50 dinari	Silver	0.750	22.0	339.5139	16.5000	254.6339	36	550	843
20 dinari	do	0.500	14.0	216.0530	7.0000	108.0265	31	250	
10 dinari	do	0.500	7.0	108.0265	3.5000	54.0133	25	200	
2 dinari	Nickel	0.250	10.0	154.3236			27		
1 dinar	do	0.250	5.0	77.1618			23		200
50 paras	do	0.250	2.5	38.5809			18		
25 paras	Aluminum	(?)	5.7	87.9644			24		
Total								1,200	994

¹ Data on thickness not available.

² Alloy is copper.

³ Coin made of aluminum-bronze.

NOTE-ISSUING AUTHORITY

The National Bank of the Kingdom of Yugoslavia has the sole privilege of issuing notes, under conditions set forth in the controlling law.

The issuance of notes by the National Bank is considered a public service rendered by the bank in the name of the State. The bank is made responsible for the regularity of this service by appropriate provisions of the law. Subject to provisions of the currency law, the Government, through the Ministry of Finance, appears to have a controlling voice in the affairs of the National Bank.

Money issued by the National Bank is legal tender, according to article 2 of the currency law of the Kingdom of Yugoslavia, dated May 11, 1931.

RESERVE REQUIREMENTS

The Currency Act of May 12, 1921, requires the National Bank to maintain a reserve in gold and such foreign exchange as is legally and freely convertible into gold for export. The amount of this reserve shall be at least 35 percent of the aggregate amount of the demand liabilities of the bank; and at least 25 percent of the demand liabilities must be covered by gold in vaults or earmarked abroad and freely available for export. Silver is not included in the metallic cover. The reserve on July 8, 1935, was as follows:

	Dinari
Gold at the National Bank	1,259,745,579
Gold abroad	90,083,699
Foreign notes	211,427
Devisen (drafts)	34,904,222
Total	1,384,944,927
Premium of 28.5 percent	394,709,304
	1,779,654,231

EMBARGOES AND RESTRICTIONS ON BULLION MOVEMENTS

Precious metals such as gold and silver may be used in Yugoslavia exclusively for the general welfare. The use of such metals for industrial or other purposes may be permitted, but only as an exception

and in conformity with provisions of the regulations governing the traffic in drafts and currencies, as amended.

Gold and silver may be freely imported. The exportation of these metals, however, is subject to provisions of the regulations governing the traffic in drafts and currencies.

The right to purchase the entire production of precious metals within the country is reserved, in the name of the State, to the National Bank of the Kingdom of Yugoslavia. The National Bank buys at the world market prices. Gold coins are purchased at the gold parity plus 28.5 percent.

No information is available as regards the smuggling of precious metals from the country.

GOLD

The gold reserve on July 8, 1935, is given above. No information as regards the weight of this gold is available.

Gold coins, as stated above, are purchased by the National Bank at 28.5 percent premium.

No information is available concerning the hoarding of gold within the country.

THE GOLD CLAUSE

The gold clause is apparently not used in Yugoslav domestic contracts.

SILVER

The weight of silver in monetary use in Yugoslavia is estimated at 339,000 kilograms.

APPENDIXES

A. FOREIGN EXCHANGE RATES, 1930-35¹

AUSTRALIA (pound)

[Par prior to Jan. 31, 1934: \$4.8666; since then, \$8.2397]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$4.5860	\$3.5150	\$2.7993	\$3.3707	\$4.0095	\$3.8886
January.....				2.6719	4.0244	3.8792
February.....				2.7217	4.0078	3.8637
March.....				2.7273	4.0386	3.7856
April.....				2.8479	4.1054	3.8352
May.....				3.1307	4.0710	3.8755
June.....				3.2922	4.0224	3.9128
July.....				3.6944	4.0170	3.9331
August.....				3.5813	4.0352	3.9452
September.....				3.7127	3.9650	3.9152
October.....				3.7147	3.9152	3.8961
November.....				4.0975	3.9573	3.9090
December.....				4.0750	3.9227	3.9128

AUSTRIA (schilling)

[Par prior to Jan. 31, 1934: \$0.1407; since then, \$0.2382]

Annual average.....	\$0.1409	\$0.1402	\$0.1396	\$0.1545	\$0.1879	\$0.1883
January.....	.1406	.1407	.1395	.1387	.1791	.1877
February.....	.1406	.1405	.1395	.1399	.1857	.1879
March.....	.1407	.1406	.1396	.1401	.1891	.1888
April.....	.1408	.1406	.1395	.1407	.1887	.1879
May.....	.1409	.1405	.1396	.1456	.1894	.1877
June.....	.1409	.1405	.1396	.1420	.1890	.1888
July.....	.1411	.1404	.1394	.1567	.1888	.1891
August.....	.1412	.1404	.1397	.1548	.1900	.1894
September.....	.1411	.1404	.1396	.1665	.1902	.1885
October.....	.1410	.1392	.1396	.1677	.1892	.1881
November.....	.1409	.1395	.1395	.1804	.1889	.1878
December.....	.1408	.1395	.1396	.1768	.1877	.1878

BELGIUM (belga)

[Par prior to Jan. 31, 1934: \$0.1390; from Feb. 1, 1934, to Mar. 31, 1935, \$0.2354; since then, \$0.1695]

Annual average.....	\$0.1395	\$0.1393	\$0.1391	\$0.1790	\$0.2329	\$0.1842
January.....	.1394	.1394	.1391	.1386	.2204	.2332
February.....	.1393	.1394	.1394	.1396	.2289	.2333
March.....	.1394	.1393	.1394	.1398	.2330	.2276
April.....	.1396	.1390	.1400	.1453	.2344	.1694
May.....	.1395	.1391	.1402	.1627	.2341	.1695
June.....	.1395	.1392	.1394	.1705	.2336	.1694
July.....	.1398	.1395	.1387	.1945	.2336	.1691
August.....	.1398	.1394	.1387	.1915	.2371	.1689
September.....	.1395	.1391	.1386	.2070	.2373	.1686
October.....	.1394	.1399	.1389	.2072	.2346	.1685
November.....	.1394	.1391	.1387	.2232	.2332	.1689
December.....	.1396	.1390	.1385	.2173	.2399	.1686

Footnotes at end of table.

A. FOREIGN EXCHANGE RATES, 1930-35—Continued

BRITISH INDIA (rupee)

[Par prior to Jan. 31, 1934: \$0.3650; since then, \$0.6180]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.3607	\$0.3369	\$0.2635	\$0.3182	\$0.3788	\$0.3696
January.....	.3631	.3593	.2582	.2541	.3797	.3686
February.....	.3621	.3594	.2603	.2583	.3786	.3680
March.....	.3611	.3608	.2731	.2579	.3833	.3602
April.....	.3612	.3610	.2801	.2687	.3876	.3644
May.....	.3606	.3614	.2732	.2657	.3833	.3686
June.....	.3600	.3600	.2716	.2608	.3791	.3719
July.....	.3606	.3599	.2668	.2555	.3788	.3735
August.....	.3604	.3594	.2616	.2535	.3806	.3748
September.....	.3599	.3591	.2622	.2550	.3755	.3721
October.....	.3602	.2868	.2568	.3504	.3744	.3702
November.....	.3597	.2799	.2478	.3834	.3749	.3714
December.....	.3593	.2536	.2479	.3839	.3718	.3720

BULGARIA (lev)

[Par prior to Jan. 31, 1934: \$0.0072; since then, \$0.0122]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.0072	\$0.0072	\$0.0072	\$0.0100	\$0.0129	\$0.0130
January.....	.0072	.0072	.0072	.0072	.0135	.0120
February.....	.0072	.0072	.0071	.0072	.0135	.0127
March.....	.0072	.0072	.0072	.0072	.0133	.0129
April.....	.0072	.0072	.0072	.0072	.0133	.0127
May.....	.0072	.0072	.0072	.0072	.0128	.0127
June.....	.0072	.0072	.0072	.0078	.0125	.0131
July.....	.0072	.0072	.0072	.0081	.0125	.0131
August.....	.0072	.0072	.0072	.0100	.0126	.0131
September.....	.0072	.0072	.0072	.0103	.0129	.0133
October.....	.0072	.0072	.0072	.0124	.0128	.0129
November.....	.0072	.0071	.0072	.0126	.0124	.0132
December.....	.0072	.0071	.0072	.0116	.0121	.0134
				.0134	.0121	.0133

CANADA (dollar)

[Par prior to Jan. 31, 1934: \$1.00; since then, \$1.6931]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.9984	\$0.9633	\$0.8809	\$0.9196	\$1.0101	\$0.9949
January.....	.9989	.9979	.8513	.8746	.9962	1.0018
February.....	.9984	.9998	.8729	.8351	.9917	.9989
March.....	.9976	.9998	.8945	.8352	.9979	.9906
April.....	.9995	.9995	.8988	.8472	1.0021	.9953
May.....	.9984	.9994	.8844	.8759	1.0019	.9991
June.....	.9999	.9972	.8674	.8989	1.0079	.9983
July.....	1.0007	.9966	.8707	.9447	1.0120	.9983
August.....	1.0009	.9969	.8755	.9428	1.0298	.9978
September.....	1.0012	.9625	.9026	.9647	1.0294	.9926
October.....	1.0010	.8910	.9123	.9760	1.0212	.9858
November.....	1.0010	.8899	.8730	1.0118	1.0247	.9892
December.....	.9990	.8271	.8660	1.0055	1.0131	.9905

CHINA (yuan)

[No fixed par]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.2992	\$0.2244	\$0.2174	\$0.2860	\$0.3409	\$0.3657
January.....	.3555	.2291	.2370	.1979	.3400	.3499
February.....	.3427	.2084	.2436	.2011	.3431	.3654
March.....	.3360	.2279	.2392	.2073	.3462	.3830
April.....	.3338	.2249	.2232	.2220	.3415	.3879
May.....	.3182	.2190	.2171	.2452	.3246	.3879
June.....	.2638	.2144	.2131	.2613	.3306	.4040
July.....	.2648	.2242	.2064	.2927	.3391	.3868
August.....	.2776	.2135	.2100	.2807	.3486	.3686
September.....	.2855	.2192	.2104	.2968	.3458	.3762
October.....	.2800	.2270	.2089	.2985	.3459	.3561
November.....	.2780	.2472	.2059	.3290	.3339	.2965
December.....	.2564	.2373	.1947	.3345	.3422	.2945

Footnotes at end of table.

A. FOREIGN EXCHANGE RATES, 1930-35—Continued

CUBA (peso)

[Par: \$1.0000]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.9995	\$0.9993	\$0.9994	\$0.9995	\$0.9994	\$0.9992
January.....	.9992	.9994	.9993	.9994	.9996	.9992
February.....	1.0003	1.0002	.9996	.9998	.9996	.9992
March.....	.9996	1.0002	1.0006	1.0002	.9995	.9992
April.....	.9992	.9992	.9998	.9993	.9993	.9992
May.....	1.0000	.9992	.9993	.9992	.9993	.9992
June.....	.9994	.9992	.9992	.9992	.9997	.9992
July.....	.9991	.9991	.9992	.9992	.9994	.9992
August.....	.9994	.9997	.9991	.9995	.9992	.9992
September.....	.9997	.9997	.9991	.9996	.9992	.9992
October.....	.9994	.9999	.9991	.9992	.9992	.9992
November.....	.9996	.9999	.9992	.9996	.9992	.9992
December.....	.9993	.9995	.9993	.9996	.9992	.9992

CZECHOSLOVAKIA (koruna)

[Par prior to Jan. 31, 1934: \$0.0296; from Feb. 1 to Feb. 17, 1934: \$0.0502; since then, \$0.0418]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.0296	\$0.0296	\$0.0296	\$0.0382	\$0.0424	\$0.0416
January.....	.0296	.0296	.0296	.0296	.0470	.0417
February.....	.0296	.0296	.0296	.0296	.0444	.0418
March.....	.0296	.0296	.0296	.0297	.0415	.0420
April.....	.0296	.0296	.0296	.0312	.0417	.0418
May.....	.0296	.0296	.0297	.0351	.0418	.0417
June.....	.0297	.0296	.0296	.0365	.0416	.0418
July.....	.0297	.0296	.0296	.0415	.0415	.0417
August.....	.0297	.0296	.0296	.0408	.0419	.0416
September.....	.0297	.0296	.0296	.0441	.0421	.0414
October.....	.0297	.0296	.0296	.0442	.0420	.0414
November.....	.0297	.0296	.0296	.0476	.0418	.0414
December.....	.0297	.0296	.0296	.0465	.0418	.0414

DENMARK (krone)

[Par prior to Jan. 31, 1934: \$0.2680; since then, \$0.4537]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.2677	\$0.2506	\$0.1883	\$0.1907	\$0.2250	\$0.2188
January.....	.2675	.2672	.1888	.1691	.2255	.2184
February.....	.2675	.2675	.1902	.1526	.2247	.2176
March.....	.2677	.2675	.2001	.1532	.2274	.2132
April.....	.2677	.2675	.2053	.1595	.2301	.2159
May.....	.2676	.2677	.2007	.1752	.2279	.2182
June.....	.2676	.2678	.1992	.1844	.2254	.2205
July.....	.2679	.2673	.1920	.2077	.2251	.2213
August.....	.2682	.2673	.1850	.2012	.2262	.2218
September.....	.2677	.2536	.1798	.2083	.2230	.2201
October.....	.2676	.2202	.1764	.2084	.2206	.2191
November.....	.2674	.2067	.1706	.2300	.2227	.2198
December.....	.2674	.1859	.1701	.2285	.2208	.2200

FINLAND (markka)

[Par prior to Jan. 31, 1934: \$0.0252; since then, \$0.0426]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.0252	\$0.0239	\$0.0155	\$0.0187	\$0.0223	\$0.0216
January.....	.0252	.0252	.0150	.0146	.0224	.0216
February.....	.0252	.0252	.0150	.0149	.0223	.0215
March.....	.0252	.0252	.0160	.0152	.0225	.0211
April.....	.0252	.0252	.0172	.0158	.0227	.0213
May.....	.0252	.0252	.0172	.0175	.0225	.0215
June.....	.0252	.0252	.0170	.0182	.0223	.0218
July.....	.0252	.0252	.0154	.0205	.0223	.0219
August.....	.0252	.0251	.0151	.0207	.0224	.0219
September.....	.0252	.0231	.0148	.0207	.0221	.0217
October.....	.0252	.0198	.0144	.0227	.0220	.0217
November.....	.0252	.0169	.0142	.0227	.0219	.0217
December.....	.0252	.0169	.0142	.0227	.0219	.0217

A. FOREIGN EXCHANGE RATES, 1930-35—Continued

FRANCE (franc)

[Par prior to Jan. 31, 1934: \$0.0392; since then, \$0.0363]

Month	1930	1931	1932	1933	1934	1935
Annual average	\$0.0392	\$0.0392	\$0.0393	\$0.0503	\$0.0657	\$0.0660
January	.0393	.0392	.0393	.0390	.0521	.0658
February	.0392	.0392	.0394	.0392	.0546	.0659
March	.0391	.0391	.0393	.0394	.0558	.0662
April	.0392	.0391	.0394	.0410	.0562	.0660
May	.0392	.0391	.0395	.0459	.0561	.0659
June	.0392	.0392	.0394	.0490	.0560	.0661
July	.0393	.0392	.0392	.0546	.0559	.0662
August	.0393	.0392	.0392	.0537	.0566	.0663
September	.0393	.0393	.0392	.0577	.0567	.0659
October	.0392	.0394	.0393	.0582	.0562	.0659
November	.0393	.0392	.0392	.0527	.0559	.0659
December	.0393	.0392	.0390	.0612	.0660	.0660

GERMANY (reichsmark)

[Par prior to Jan. 31, 1934: \$0.2382; since then, \$0.4033]

Month	1930	1931	1932	1933	1934	1935
Annual average	\$0.2385	\$0.2363	\$0.2375	\$0.3052	\$0.3938	\$0.4026
January	.2388	.2377	.2365	.2377	.3759	.4006
February	.2387	.2377	.2374	.2383	.3888	.4012
March	.2386	.2381	.2378	.2385	.3996	.4037
April	.2387	.2381	.2374	.2439	.3959	.4026
May	.2386	.2380	.2379	.2736	.3947	.4025
June	.2385	.2373	.2369	.2881	.3830	.4041
July	.2387	.2328	.2372	.3326	.3949	.4035
August	.2389	.2366	.2378	.3271	.3948	.4035
September	.2382	.2342	.2378	.3543	.3949	.4023
October	.2381	.2324	.2377	.3543	.4045	.4023
November	.2383	.2368	.2375	.3824	.4021	.4023
December	.2384	.2362	.2379	.3732	.4019	.4022

GREECE (drachma)

[Par prior to Jan. 31, 1934: \$0.0130; since then, \$0.0220]

Month	1930	1931	1932	1933	1934	1935
Annual average	\$0.0130	\$0.0129	\$0.0083	\$0.0072	\$0.0094	\$0.0094
January	.0130	.0129	.0129	.0054	.0099	.0093
February	.0130	.0129	.0129	.0056	.0093	.0093
March	.0130	.0129	.0129	.0067	.0094	.0094
April	.0130	.0129	.0213	.0059	.0095	.0094
May	.0130	.0129	.0066	.0066	.0095	.0093
June	.0130	.0130	.0064	.0059	.0094	.0094
July	.0130	.0129	.0064	.0079	.0095	.0094
August	.0130	.0129	.0063	.0077	.0095	.0094
September	.0130	.0129	.0061	.0084	.0095	.0094
October	.0129	.0129	.0060	.0084	.0095	.0094
November	.0130	.0129	.0057	.0091	.0094	.0094
December	.0129	.0129	.0054	.0089	.0094	.0094

HONG KONG (dollar)

[No fixed par]

Month	1930	1931	1932	1933	1934	1935
Annual average	\$0.3385	\$0.2433	\$0.2346	\$0.2945	\$0.3872	\$0.4522
January	.3995	.2427	.2484	.2175	.3768	.4317
February	.3824	.2267	.2534	.2207	.3810	.4434
March	.3722	.2453	.2469	.2274	.3868	.4791
April	.3719	.2433	.2372	.2377	.3816	.4791
May	.3577	.2401	.2343	.2716	.3623	.4931
June	.3114	.2352	.2334	.2914	.3649	.4752
July	.3118	.2473	.2325	.3159	.3933	.4931
August	.3221	.2378	.2289	.3296	.3762	.4931
September	.3220	.2419	.2343	.3311	.3933	.4931
October	.3192	.2468	.2295	.3328	.4047	.4931
November	.3145	.2601	.2241	.3669	.4124	.4931
December	.2800	.2487	.2135	.3715	.4220	.3270

A. FOREIGN EXCHANGE RATES, 1930-35—Continued

HUNGARY (pengő)

[Par prior to Jan. 31, 1934: \$0.1749; since then, \$0.2061]

Month	1930	1931	1932	1933	1934	1935
Annual average	\$0.1749	\$0.1745	\$0.1745	\$0.2236	\$0.2957	\$0.2960
January	.1749	.1748	.1745	.1743	.2804	.2958
February	.1748	.1746	.1744	.1744	.2912	.2970
March	.1747	.1744	.1744	.1744	.2961	.2964
April	.1747	.1744	.1743	.1748	.2977	.2949
May	.1748	.1744	.1744	.1888	.2975	.2944
June	.1748	.1745	.1747	.2124	.2971	.2968
July	.1751	.1744	.1746	.2451	.2971	.2970
August	.1753	.1745	.1745	.2424	.2988	.2970
September	.1752	.1745	.1747	.2609	.3002	.2962
October	.1751	.1746	.1745	.2635	.2990	.2964
November	.1749	.1747	.1744	.2823	.2971	.2962
December	.1749	.1746	.1743	.2769	.2960	.2962

ITALY (lira)

[Par prior to Jan. 31, 1934: \$0.0526; since then, \$0.0891]

Month	1930	1931	1932	1933	1934	1935
Annual average	\$0.0524	\$0.0521	\$0.0513	\$0.0671	\$0.0856	\$0.0825
January	.0523	.0524	.0504	.0512	.0831	.0852
February	.0523	.0524	.0518	.0512	.0858	.0847
March	.0524	.0524	.0518	.0514	.0858	.0834
April	.0524	.0524	.0515	.0537	.0856	.0828
May	.0524	.0524	.0515	.0609	.0852	.0823
June	.0524	.0523	.0512	.0638	.0860	.0826
July	.0524	.0523	.0510	.0737	.0858	.0823
August	.0524	.0523	.0511	.0722	.0866	.0821
September	.0524	.0517	.0513	.0781	.0868	.0814
October	.0524	.0516	.0512	.0782	.0861	.0812
November	.0523	.0515	.0511	.0843	.0854	.0810
December	.0524	.0511	.0511	.0822	.0854	.0808

JAPAN (yen)

[Par prior to Jan. 31, 1934: \$0.4985; since then, \$0.8440]

Month	1930	1931	1932	1933	1934	1935
Annual average	\$0.4939	\$0.4885	\$0.2811	\$0.2565	\$0.2972	\$0.2871
January	.4909	.4944	.3599	.2074	.3011	.2847
February	.4913	.4941	.3432	.2079	.2975	.2839
March	.4933	.4937	.3216	.2126	.3001	.2798
April	.4937	.4936	.3281	.2209	.3031	.2837
May	.4938	.4938	.3197	.2400	.3023	.2873
June	.4941	.4937	.3029	.2576	.2960	.2899
July	.4936	.4936	.2745	.2577	.2884	.2915
August	.4939	.4935	.2449	.2690	.2909	.2932
September	.4941	.4934	.2363	.2725	.2977	.2894
October	.4959	.4925	.2306	.2777	.2868	.2867
November	.4960	.4930	.2062	.3036	.2906	.2868
December	.4962	.4346	.2073	.3074	.2882	.2874

MEXICO (peso)

[Par prior to Jan. 31, 1934: \$0.4985; since then, \$0.8440]

Month	1930	1931	1932	1933	1934	1935
Annual average	\$0.4713	\$0.3549	\$0.3185	\$0.2810	\$0.2774	\$0.2778
January	.4744	.4636	.3993	.3016	.2774	.2775
February	.4748	.4620	.3787	.2842	.2773	.2775
March	.4749	.4735	.3668	.2832	.2772	.2776
April	.4754	.4748	.3337	.2702	.2772	.2794
May	.4754	.4802	.3025	.2887	.2774	.2779
June	.4741	.4903	.2690	.2767	.2775	.2778
July	.4713	.4901	.2773	.2800	.2775	.2777
August	.4734	.3003	.2857	.2811	.2773	.2775
September	.4737	.3341	.2992	.2815	.2775	.2776
October	.4717	.3659	.3111	.2817	.2775	.2776
November	.4610	.3915	.3222	.2780	.2776	.2777
December	.4555	.3901	.3199	.2774	.2776	.2777

Footnotes at end of table.

A. FOREIGN EXCHANGE RATES, 1930-35—Continued

NETHERLANDS (Guilder)

[Par prior to Jan. 31, 1934: \$0.4020; since then, \$0.6806]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.4023	\$0.4023	\$0.4029	\$0.5172	\$0.6738	\$0.6771
January.....	.4023	.4023	.4018	.4018	.6362	.6746
February.....	.4010	.4014	.4035	.4027	.6604	.6756
March.....	.4011	.4009	.4028	.4036	.6730	.6795
April.....	.4020	.4014	.4049	.4195	.6785	.6746
May.....	.4023	.4018	.4055	.4901	.6791	.6762
June.....	.4020	.4024	.4044	.4901	.6771	.6787
July.....	.4024	.4028	.4027	.5618	.6781	.6799
August.....	.4029	.4032	.4024	.5538	.6838	.6778
September.....	.4029	.4027	.4016	.5988	.6857	.6756
October.....	.4030	.4043	.4022	.5995	.6809	.6774
November.....	.4024	.4019	.4018	.6456	.6760	.6780
December.....	.4027	.4023	.4017	.6285	.6764	.6777

NEW ZEALAND (pound)

[Par prior to Jan. 31, 1934: \$4.8666; since then, \$8.2397]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$4.6822	\$4.1529	\$3.2019	\$3.4000	\$4.0246	\$3.9126
January.....				2.9213	\$4.0347	\$3.9025
February.....				2.7287	\$4.0181	\$3.8869
March.....				2.7345	\$4.0084	\$3.8691
April.....				2.8548	\$4.1163	\$3.8585
May.....				3.1386	\$4.0828	\$3.8990
June.....				3.3009	\$4.0339	\$3.9354
July.....				3.7019	\$4.0281	\$3.9565
August.....				3.5902	\$4.0509	\$3.9686
September.....				3.7217	\$3.9877	\$3.9369
October.....				3.7240	\$3.9367	\$3.9186
November.....				4.1104	\$3.9807	\$3.9374
December.....				4.0872	\$3.9463	\$3.9432

NORWAY (krone)

[Par prior to Jan. 31, 1934: \$0.2680; since then, \$0.4537]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.2676	\$0.2505	\$0.1800	\$0.2143	\$0.2632	\$0.2463
January.....	.2673	.2673	.1870	.1727	.2537	.2458
February.....	.2672	.2675	.1877	.1753	.2528	.2449
March.....	.2676	.2675	.1960	.1759	.2558	.2403
April.....	.2677	.2675	.1908	.1832	.2588	.2430
May.....	.2676	.2678	.1843	.2002	.2665	.2456
June.....	.2676	.2678	.1806	.2088	.2656	.2479
July.....	.2679	.2673	.1764	.2336	.2532	.2491
August.....	.2681	.2673	.1741	.2265	.2545	.2495
September.....	.2676	.2540	.1745	.2344	.2509	.2477
October.....	.2675	.2207	.1718	.2345	.2483	.2466
November.....	.2674	.2032	.1673	.2587	.2507	.2474
December.....	.2674	.1848	.1689	.2671	.2486	.2476

POLAND (zloty)

[Par prior to Jan. 31, 1934: \$0.1122; since then, \$0.1899]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.1121	\$0.1120	\$0.1118	\$0.1441	\$0.1885	\$0.1888
January.....	.1120	.1121	.1119	.1119	.1703	.1885
February.....	.1119	.1120	.1119	.1119	.1800	.1887
March.....	.1120	.1119	.1118	.1118	.1800	.1896
April.....	.1120	.1119	.1118	.1138	.1806	.1886
May.....	.1120	.1120	.1118	.1309	.1806	.1884
June.....	.1120	.1120	.1118	.1382	.1806	.1891
July.....	.1121	.1120	.1119	.1562	.1800	.1896
August.....	.1121	.1120	.1118	.1543	.1908	.1886
September.....	.1121	.1120	.1118	.1670	.1914	.1885
October.....	.1121	.1120	.1117	.1671	.1901	.1884
November.....	.1122	.1119	.1118	.1806	.1890	.1882
December.....	.1121	.1119	.1118	.1770	.1889	.1885

Footnotes at end of table.

A. FOREIGN EXCHANGE RATES, 1930-35—Continued

PORTUGAL (escudo)

[Par prior to Jan. 31, 1934: \$0.0442; since then, \$0.0748]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.0449	\$0.0424	\$0.0320	\$0.0392	\$0.0461	\$0.0446
January.....	.0450	.0449	.0316	.0304	.0465	.0445
February.....	.0450	.0449	.0318	.0310	.0463	.0443
March.....	.0449	.0448	.0328	.0314	.0467	.0434
April.....	.0450	.0448	.0338	.0321	.0471	.0439
May.....	.0450	.0449	.0333	.0358	.0467	.0444
June.....	.0450	.0442	.0333	.0377	.0463	.0449
July.....	.0449	.0442	.0322	.0425	.0461	.0451
August.....	.0450	.0442	.0316	.0415	.0463	.0452
September.....	.0449	.0442	.0315	.0447	.0456	.0449
October.....	.0449	.0393	.0309	.0453	.0450	.0447
November.....	.0448	.0364	.0303	.0486	.0454	.0448
December.....	.0448	.0323	.0302	.0499	.0450	.0449

RUMANIA (leu)

[Par prior to Jan. 31, 1934: \$0.0060; since then, \$0.0101]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.0060	\$0.0059	\$0.0060	\$0.0078	\$0.0100	\$0.0093
January.....	.0060	.0059	.0060	.0060	.0096	.0100
February.....	.0060	.0059	.0060	.0060	.0099	.0096
March.....	.0060	.0059	.0060	.0060	.0100	.0101
April.....	.0060	.0059	.0060	.0061	.0101	.0101
May.....	.0060	.0059	.0060	.0070	.0100	.0101
June.....	.0059	.0059	.0060	.0074	.0100	.0101
July.....	.0060	.0059	.0060	.0088	.0100	.0100
August.....	.0060	.0059	.0060	.0084	.0101	.0094
September.....	.0060	.0059	.0060	.0089	.0101	.0081
October.....	.0059	.0060	.0060	.0091	.0101	.0080
November.....	.0059	.0060	.0060	.0098	.0100	.0079
December.....	.0059	.0060	.0060	.0095	.0100	.0079

SPAIN (peseta)

[Par prior to Jan. 31, 1934: \$0.1930; since then, \$0.3267]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.1167	\$0.0955	\$0.0804	\$0.1072	\$0.1362	\$0.1368
January.....	.1310	.1040	.0839	.0818	.1300	.1364
February.....	.1270	.1019	.0777	.0824	.1339	.1366
March.....	.1231	.1073	.0760	.0944	.1362	.1372
April.....	.1248	.1047	.0769	.0888	.1370	.1367
May.....	.1223	.1000	.0812	.0999	.1371	.1365
June.....	.1175	.0967	.0825	.1036	.1368	.1370
July.....	.1152	.0931	.0805	.1165	.1367	.1373
August.....	.1088	.0880	.0806	.1146	.1380	.1373
September.....	.1073	.0898	.0810	.1241	.1383	.1366
October.....	.1034	.0896	.0819	.1243	.1373	.1365
November.....	.1130	.0861	.0817	.1311	.1365	.1365
December.....	.1075	.0840	.0815	.1279	.1367	.1367

STRAITS SETTLEMENTS (dollar)

[Par prior to Jan. 31, 1934: \$0.5678; since then, \$0.9613]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.5596	\$0.5245	\$0.4040	\$0.4923	\$0.5901	\$0.5717
January.....	.5603	.5593	.3969	.3869	.5892	.5724
February.....	.5600	.5600	.3977	.3958	.5879	.5701
March.....	.5590	.5605	.4133	.3961	.5960	.5693
April.....	.5587	.5605	.4274	.4124	.6035	.5633
May.....	.5589	.5603	.4224	.4565	.5982	.5689
June.....	.5591	.5604	.4106	.4796	.5917	.5738
July.....	.5594	.5602	.4097	.5405	.5906	.5755
August.....	.5595	.5600	.4010	.5236	.5835	.5783
September.....	.5603	.5585	.4025	.5429	.5852	.5762
October.....	.5617	.4513	.3944	.5457	.5792	.5744
November.....	.5595	.4314	.3800	.6006	.5845	.5761
December.....	.5593	.3803	.3801	.5970	.5797	.5761

A. FOREIGN EXCHANGE RATES, 1930-35—Continued

SWEDEN (krona)

[Par prior to Jan. 31, 1934: \$0.2680; since then, \$0.4537]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.2685	\$0.2525	\$0.1847	\$0.2203	\$0.2508	\$0.3527
January.....	.2685	.2676	.1919	.1830	.2004	.2523
February.....	.2683	.2677	.1929	.1827	.2506	.2513
March.....	.2686	.2678	.1985	.1819	.2626	.2463
April.....	.2683	.2681	.1872	.1881	.2636	.2493
May.....	.2685	.2680	.1870	.2024	.2632	.2620
June.....	.2688	.2676	.1822	.2398	.2590	.2656
July.....	.2689	.2675	.1785	.2323	.2612	.2662
August.....	.2687	.2609	.1781	.2405	.2575	.2642
September.....	.2685	.2111	.1753	.2407	.2548	.2630
October.....	.2683	.2074	.1743	.2655	.2572	.2639
November.....	.2683	.1871	.1791	.2639	.2550	.2641
December.....						

SWITZERLAND (franc)

[Par prior to Jan. 31, 1934: \$0.1930; since then, \$0.3267]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.1938	\$0.1940	\$0.1940	\$0.2484	\$0.3237	\$0.3250
January.....	.1935	.1936	.1951	.1928	.3064	.3231
February.....	.1929	.1929	.1950	.1937	.3174	.3235
March.....	.1935	.1924	.1944	.1937	.3229	.3255
April.....	.1938	.1926	.1944	.2018	.3246	.3236
May.....	.1936	.1928	.1956	.2254	.3253	.3232
June.....	.1937	.1940	.1951	.2357	.3250	.3268
July.....	.1943	.1943	.1947	.2696	.3258	.3275
August.....	.1944	.1949	.1945	.2653	.3295	.3272
September.....	.1941	.1951	.1950	.2873	.3302	.3250
October.....	.1942	.1940	.1950	.2879	.3277	.3253
November.....	.1939	.1946	.1925	.3102	.3247	.3244
December.....	.1938	.1948	.1924	.3025	.3241	.3243

UNION OF SOUTH AFRICA (pound)

[Par prior to Jan. 31, 1934: \$4.8666; since then, \$8.2397]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$4.8379	\$4.8076	\$4.7656	\$4.1498	\$4.9829	\$4.8460
January.....				3.4063	4.9909	4.8309
February.....				3.3990	4.9742	4.8280
March.....				3.3988	5.0342	4.7231
April.....				3.5374	5.0943	4.7827
May.....				3.8874	5.0480	4.8334
June.....				4.0876	4.9910	4.8806
July.....				4.5933	4.9844	4.9061
August.....				4.4489	5.0127	4.8874
September.....				4.4857	4.9423	4.8842
October.....				4.6123	4.8843	4.8563
November.....				5.0929	4.9342	4.8708
December.....				5.0576	4.8924	4.8744

UNITED KINGDOM (pound)

[Par prior to Jan 31, 1934: \$4.8666; since then, \$8.2397]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$4.8621	\$4.5350	\$3.5061	\$4.2368	\$5.0393	\$4.9018
January.....	4.8688	4.8547	3.4312	3.3614	5.0493	4.8925
February.....	4.8618	4.8584	3.4563	3.4221	5.0326	4.8745
March.....	4.8631	4.8583	3.6393	3.4328	5.0939	4.7792
April.....	4.8631	4.8590	3.7500	3.5793	5.1534	4.8308
May.....	4.8597	4.8640	3.6751	3.9324	5.1063	4.8878
June.....	4.8587	4.8649	3.6496	4.1356	5.0484	4.9349
July.....	4.8657	4.8561	3.5496	4.6499	5.0407	4.9577
August.....	4.8707	4.8577	3.4757	4.5027	5.0651	4.9099
September.....	4.8611	4.8313	3.4711	4.6647	4.9941	4.9307
October.....	4.8590	3.8893	3.3962	4.6683	4.9408	4.9078
November.....	4.8564	3.7199	3.2753	5.1497	4.9890	4.9290
December.....	4.8566	3.3737	3.2797	5.1159	4.9458	4.9288

Footnotes at end of table.

A. FOREIGN EXCHANGE RATES, 1930-35—Continued

YUGOSLAVIA (dinar)

[Par prior to Jan. 31, 1934: \$0.0176; since then, \$0.0298]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.0177	\$0.0177	\$0.0164	\$0.0176	\$0.0227	\$0.0228
January.....	.0177	.0177	.0178	.0136	.0218	.0227
February.....	.0176	.0176	.0178	.0136	.0225	.0227
March.....	.0176	.0176	.0178	.0137	.0226	.0229
April.....	.0177	.0176	.0177	.0142	.0227	.0228
May.....	.0177	.0176	.0177	.0161	.0227	.0229
June.....	.0177	.0177	.0174	.0167	.0227	.0229
July.....	.0177	.0177	.0167	.0190	.0228	.0230
August.....	.0177	.0177	.0169	.0189	.0231	.0230
September.....	.0177	.0177	.0159	.0203	.0232	.0228
October.....	.0177	.0177	.0141	.0204	.0230	.0228
November.....	.0177	.0179	.0135	.0220	.0228	.0229
December.....	.0177	.0178	.0134	.0216	.0228	.0229

SILVER (fine ounce troy)

[Official price for spot silver in New York, as issued by Handy & Harman]

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$0.3815	\$0.2870	\$0.2789	\$0.3473	\$0.4797	\$0.6427
January.....	.4500	.2942	.2978	.2540	.4419	.5442
February.....	.4319	.2677	.3014	.2607	.4523	.5460
March.....	.4163	.2919	.2981	.2793	.4588	.5905
April.....	.4243	.2838	.2830	.3073	.4518	.6779
May.....	.4074	.2765	.2776	.3407	.4423	.7436
June.....	.3460	.2725	.2747	.3566	.4517	.7194
July.....	.3435	.2826	.2670	.3763	.4631	.6822
August.....	.3519	.2752	.2799	.3607	.4899	.6637
September.....	.3632	.2818	.2787	.3844	.4948	.6538
October.....	.3585	.2954	.2720	.3819	.5238	.6538
November.....	.3591	.3222	.2670	.4297	.5426	.6538
December.....	.3264	.3012	.2501	.4355	.5439	.6842

GOLD (fine ounce troy) ¹

Month	1930	1931	1932	1933	1934	1935
Annual average.....	\$20.67	\$20.67	\$20.67	\$28.57	\$34.94	\$35.00
January.....	20.67	20.67	20.67	20.67	34.29	35.00
February.....	20.67	20.67	20.67	20.67	35.00	35.00
March.....	20.67	20.67	20.67	20.67	35.00	35.00
April.....	20.67	20.67	20.67	21.65	35.00	35.00
May.....	20.67	20.67	20.67	24.23	35.00	35.00
June.....	20.67	20.67	20.67	25.34	35.00	35.00
July.....	20.67	20.67	20.67	28.80	35.00	35.00
August.....	20.67	20.67	20.67	28.36	35.00	35.00
September.....	20.67	20.67	20.67	30.58	35.00	35.00
October.....	20.67	20.67	20.67	30.82	35.00	35.00
November.....	20.67	20.67	20.67	33.34	35.00	35.00
December.....	20.67	20.67	20.67	34.03	35.00	35.00

¹ Based on Federal Reserve Board monthly averages of daily (noon) buying rates in New York City for cable transfers payable in foreign currencies.² Nominal.³ On Nov. 3, 1935, the yuan was definitely placed on a managed currency basis and tied to sterling at a given rate.⁴ Beginning with August 1931, quotations are for silver peso.⁵ Previous to April 1933, gold was quoted at \$20.67 per fine ounce troy, as established by law of Mar. 14, 1900; from Apr. 1 to Sept. 7, 1933, inclusive, the price was calculated on the basis of the value of the French franc in New York City. Sept. 8 to Oct. 24, 1933, inclusive: The price as announced by the U. S. Treasury. Oct. 25, 1933, to Jan. 31, 1934, inclusive: The price as fixed by the Reconstruction Finance Corporation. Since Jan. 31, 1934, the price of \$35 per ounce has been based upon the President's proclamation of Jan. 31, 1934.

B. AVERAGE QUOTATIONS IN BERLIN FOR BLOCKED REICHSMARKS

[Percent discount from free reichsmarks]¹

Year and month	Registered reichsmarks	Credit blocked reichsmarks	Security blocked reichsmarks
1934			
January.....	18.00	17.75	38.50
February.....	23.50	28.50	42.00
March.....	27.50	32.00	44.50
April.....	36.00	45.50	54.75
May.....	34.00	48.50	57.00
June.....	35.25	52.00	65.50
July.....	34.75	50.50	63.50
August.....	37.50	59.75	64.00
September.....	39.75	58.75	65.75
October.....	48.25	58.25	68.00
November.....	46.25	58.25	67.75
December.....	39.50	52.75	62.00
Annual average ²	35.02	46.88	57.77
1935			
January.....	38.43	49.64	60.66
February.....	35.33	52.49	61.74
March.....	39.35	56.70	67.22
April.....	42.78	61.74	69.10
May.....	46.79	67.36	73.07
June.....	45.32	67.46	74.56
July.....	42.98	66.47	74.10
August.....	42.10	68.42	75.85
September.....	49.01	71.78	78.77
October.....	51.69	69.97	80.09
November.....	49.00	67.69	78.69
December.....	47.03	64.69	76.79
Annual average ²	44.15	63.70	72.65
1936			
January.....	47.21	63.43	75.84
February.....	44.92	62.45	74.90

¹ One free reichsmark at par equals \$0.4033 United States currency. At a discount of 35.02 percent (average rate for 1934) 1 registered reichsmark had a value of \$0.2621.

² Average of 12 monthly averages.

C. LATIN AMERICA—AVERAGE OFFICIAL AND FREE-MARKET RATES OF EXCHANGE, BY MONTHS, 1934 AND 1935

[In Latin-American countries where there is exchange control it is important to have not only the official rate but the free-market rates of exchange for the given currencies, since, in most instances, the bulk of import transactions are settled at the free-market rate (export draft rate, controlled free rate, curb rate, etc.)]

Argentina

[Paper pesos to dollar]

Month	1934		1935	
	Official	Free	Official	Free
January.....	3.25	3.99	3.47	3.98
February.....	3.31	3.89	3.47	3.90
March.....	3.36	3.95	3.54	3.96
April.....	3.32	4.00	3.50	3.91
May.....	3.42	4.29	3.47	3.88
June.....	3.44	4.10	3.44	3.79
July.....	3.46	4.06	3.43	3.76
August.....	3.41	3.70	3.42	3.73
September.....	3.43	3.74	3.45	3.70
October.....	3.45	3.83	3.47	3.68
November.....	3.42	3.94	3.45	3.68
December.....	3.45	4.00	3.45	3.67
Average.....	3.39	3.96	3.46	3.80

C. LATIN AMERICA—AVERAGE OFFICIAL AND FREE MARKET RATES OF EXCHANGE, BY MONTHS, 1934 AND 1935—Continued

Bolivia

[Bolivianos to dollar]

Year and month	Official	Curb ¹	Free market ²	Importers' exchange ³
1934				
January.....	4.20	8.44	-----	-----
February.....	4.25	9.73	-----	-----
March.....	4.17	9.96	-----	-----
April.....	4.12	10.28	-----	-----
May.....	4.11	10.63	-----	-----
June.....	4.15	10.81	-----	-----
July.....	4.14	10.84	-----	-----
August.....	4.16	11.00	-----	-----
September.....	4.19	11.43	-----	-----
October.....	4.25	14.18	-----	-----
November.....	4.20	15.90	16.70	15.84
December.....	4.23	-----	20.63	18.00
Average.....	4.18	11.17	18.67	16.92

Year and month	Official	Free market (Jan. 2-24)	Importers' exchange (Jan. 2-24)	Export rate (Feb.-Dec.) ¹	Open market	
					Currency (legal) (Apr.-Dec.)	Checks (illegal) (Apr.-Dec.)
1935						
January.....	4.31	24.35	21.00			
February.....	4.31			17.02		
March.....	4.38			17.30		
April.....	4.34			17.20	22.56	20.95
May.....	4.30			17.02	20.39	20.35
June.....	4.25			16.75	17.73	17.73
July.....	4.23			16.65	17.13	17.13
August.....	4.21			16.56	17.12	17.12
September.....	4.22			16.54	17.29	17.29
October.....	4.22			16.56	17.87	17.87
November.....	4.16			16.42	17.80	17.80
December.....	4.15			16.40	16.70	16.70
Average.....	4.26	24.35	21.00	16.77	18.29	18.10

¹ Jan. 2 to Nov. 15.

² Nov. 16 to Dec. 31.

³ Export rate established on Jan. 25. Only 2 quotations of 17 bolivianos during remainder of month.

Brazil

[Milreis to dollar]

Month	1934			1935	
	Official	Curb ¹	Free ²	Official	Free
January.....	11.859	15.217	-----	11.846	15.286
February.....	11.849	14.910	-----	11.824	15.079
March.....	11.774	15.142	-----	11.784	16.137
April.....	11.651	14.983	-----	11.834	16.681
May.....	11.756	15.663	18.383	11.844	18.166
June.....	11.890	-----	16.290	11.794	18.374
July.....	11.900	-----	15.770	11.780	18.452
August.....	11.850	-----	14.958	11.769	18.661
September.....	11.936	-----	14.255	11.835	18.230
October.....	11.711	-----	13.701	11.852	17.516
November.....	11.420	-----	14.163	11.846	18.027
December.....	11.825	-----	15.000	11.821	18.146
Average.....	11.785	15.183	15.311	11.819	17.396

¹ Jan. 2 to May 23.

² May 24 to Dec. 31.

C. LATIN AMERICA—AVERAGE OFFICIAL AND FREE MARKET RATES OF EXCHANGE, BY MONTHS, 1934 AND 1935—Continued

Chile

[Pesos to dollar]

Month	1934			1935		
	Official	Export draft	Curb	Official	Export draft	Curb
January.....	10.17	25.91	25.98	19.37	23.88	23.49
February.....	9.78	25.34	25.71	19.35	24.09	24.09
March.....	9.59	24.78	25.47	19.24	24.08	24.77
April.....	9.53	24.42	24.28	19.32	24.08	25.06
May.....	9.60	25.31	25.47	19.35	24.03	25.06
June.....	9.60	26.19	25.86	19.29	24.10	26.40
July.....	9.60	25.37	25.97	19.25	24.17	26.44
August.....	9.51	25.17	25.29	19.24	24.10	25.72
September.....	9.49	25.04	24.47	19.34	24.14	25.34
October.....	9.55	24.56	23.99	19.35	24.77	25.00
November.....	9.61	24.78	24.56	19.39	25.33	25.43
December.....	9.60	23.91	23.82	19.42	25.70	26.26
Average.....	9.64	25.07	25.07	19.33	24.37	25.34

Colombia

[Pesos to dollar]

Month	1934		1935	
	Official	Curb	Official	Curb
January.....	1.49	1.65	1.57	1.70
February.....	1.43	1.57	1.70	1.75
March.....	1.48	1.56	1.84	1.86
April.....	1.68	1.78	1.81	1.83
May.....	1.63	1.69	1.82	1.85
June.....	1.78	1.73	1.84	1.88
July.....	1.78	1.77	1.89	1.92
August.....	1.81	1.78	1.88	1.92
September.....	1.73	1.76	1.79	1.84
October.....	1.65	1.70	1.75	1.83
November.....	1.54	1.62	1.77	1.85
December.....	1.55	1.67	1.76	1.87
Average.....	1.63	1.69	1.79	1.84

Costa Rica

[Colones to dollar]

Month	1934		1935		
	Official	Curb	Official	Controlled bank rate	Curb
January.....	4.30	4.56	4.25	4.64	5.10
February.....	4.26	4.54	4.25	5.01	5.08
March.....	4.25	4.55	4.25	5.30	5.39
April.....	4.25	4.44	4.25	5.89	5.74
May.....	4.25	4.40	4.25	6.30	6.16
June.....	4.25	4.51	4.25	6.31	6.41
July.....	4.25	4.75	4.25	6.59	6.80
August.....	4.25	4.77	4.25	6.69	6.84
September.....	4.25	4.78	4.25	6.80	6.88
October.....	4.25	4.79	4.25	6.81	6.84
November.....	4.25	4.93	4.25	6.83	6.87
December.....	4.25	4.65	4.25	6.11	6.20
Average.....	4.25	4.65	4.25	6.11	6.20

1 Feb. 1-26.

2 Feb. 27-28.

C. LATIN AMERICA—AVERAGE OFFICIAL AND FREE-MARKET RATES OF EXCHANGE, BY MONTHS, 1934 AND 1935—Continued

Ecuador

[Sucre to dollar]

Month	1934		1935	Month	1934		1935
	Official	Open market	Open market		Official	Open market	Open market
January.....	6.00	10.20	11.22	August.....	11.06	11.03	10.50
February.....	10.15	10.54	10.54	September.....	11.03	11.03	10.50
March.....	10.16	10.50	10.50	October.....	11.75	11.75	10.50
April.....	10.49	10.50	10.50	November.....	11.86	11.86	10.50
May.....	10.74	10.50	10.50	December.....	12.04	12.04	10.50
June.....	10.47	10.50	10.50	Average.....	6.00	10.92	10.56
July.....	11.14	10.50	10.50				

1 No official rate after Jan. 10.

Nicaragua

[Cordobas to dollar]

Month	1934			1935	
	Official	Curb	Free	Official	Curb
January.....	1.02	1.15	1.15	1.10	1.27
February.....	1.02	1.23	1.23	1.10	1.32
March.....	1.02	1.19	1.19	1.10	1.35
April.....	1.02	1.24	1.24	1.10	1.38
May.....	1.02	1.25	1.25	1.10	1.44
June.....	1.02	1.25	1.25	1.10	1.45
July.....	1.02	1.17	1.17	1.10	1.50
August.....	1.02	1.16	1.16	1.10	1.52
September.....	1.02	1.22	1.22	1.10	1.53
October.....	1.02	1.23	1.23	1.10	1.54
November.....	1.04	1.24	1.21	1.10	1.57
December.....	1.10	1.26	1.26	1.10	1.62
Average.....	1.03	1.22	1.21	1.10	1.46

1 Jan. 2 to 16 and Nov. 26 to Dec. 31.

2 Jan. 17 to Nov. 24.

Peru

[Soles to dollar]

Month	1934	1935	Month	1934	1935
January.....	4.39	4.23	August.....	4.35	4.19
February.....	4.16	4.30	September.....	4.37	4.15
March.....	4.19	4.38	October.....	4.40	4.02
April.....	4.45	4.33	November.....	4.30	3.96
May.....	4.49	4.23	December.....	4.27	4.04
June.....	4.34	4.21	Average.....	4.34	4.19
July.....	4.35	4.19			

C. LATIN AMERICA—AVERAGE OFFICIAL AND FREE-MARKET RATES
OF EXCHANGE, BY MONTHS, 1934 AND 1935—Continued

El Salvador

[U. S. cents to colon]

Month	1934	1935	Month	1934	1935
January.....	0.32	0.40	August.....	0.40	0.40
February.....	.39	.40	September.....	.40	.40
March.....	.39	.40	October.....	.40	.40
April.....	.39	.40	November.....	.40	.40
May.....	.41	.40	December.....	.40	.40
June.....	.40	.40	Average.....	.39	.40
July.....	.40	.40			

Uruguay

[U. S. cents to peso]

Month	1934				1935		
	Official	Curb	Free	Controlled free ¹	Official	Free	Controlled free
January.....	0.7390	0.5050			0.7943	0.4141	0.4547
February.....	.7815		0.4842		.7950	.4015	.4421
March.....	.7802		.4499		.7987	.3866	.4335
April.....	.7802		.4232		.7955	.3889	.4375
May.....	.7900		.4107		.7948	.3915	.4456
June.....	.7900		.4110		.7970	.4028	.4546
July.....	.7900		.4054		.7990	.4074	.4455
August.....	.7974		.4074	0.4323	.7994	.4090	.4362
September.....	.8047		.4028	.4322	.7952	.4076	.4254
October.....	.7994		.4097	.4307	.7947	.4315	.4670
November.....	.7946		.4252	.4403	.7946	.4470	.4834
December.....	.7956		.4134	.4553	.7953	.4516	.4858
Average.....	.7869	.5050	.4221	.4400	.7961	.4116	.4510

¹ Aug. 17 to Dec. 31.

Venezuela

[Bolivares to dollar]

Month	1934	1935	Month	1934	1935
January.....	3.81	3.93	August.....	3.42	3.91
February.....	3.25	3.93	September.....	3.93	3.91
March.....	3.27	3.93	October.....	3.93	3.91
April.....	3.23	3.93	November.....	3.93	3.91
May.....	3.30	3.93	December.....	3.93	3.91
June.....	3.20	3.93	Average.....	3.53	3.92
July.....	3.12	3.91			

OTHER LATIN AMERICAN COUNTRIES

The currencies of the following countries, not previously mentioned, have been quoted, with relation to the dollar, as indicated below:

Dominican Republic—1 peso to dollar.
Guatemala—1 quetzal to dollar.
Haiti—5 gourdes to dollar.
Panama—1 balboa to dollar.

Exchange control has been in effect in Honduras since June 1, 1934, but the official rate has remained the same as the free rate; that is, 2.04 lempiras to dollar.

○

Duplicate

D743.3
Un3U.S. Bureau of foreign &
domestic commerce
Handbook of foreign
currencies

MSH 02963 NEH

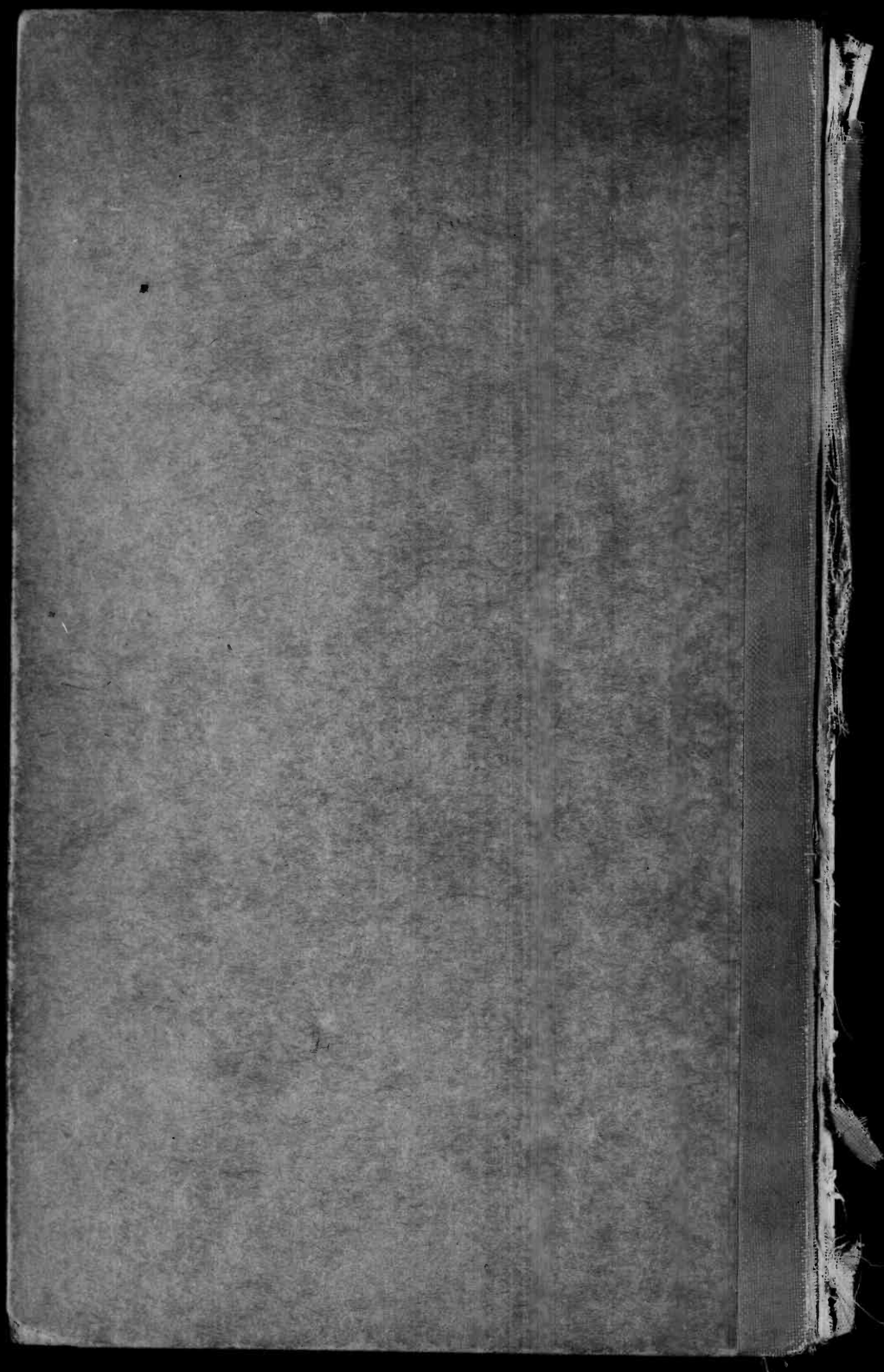
AUG 12 1994

COLUMBIA UNIVERSITY LIBRARIES



0041435257

DEC 16 1936



**END OF
TITLE**